

A NONSUBSTANTIVE REVISION  
OF STATUTES RELATING TO  
THE LICENSURE OF INSURERS AND RELATED ENTITIES,  
LIFE INSURANCE, AND CERTAIN GROUP BENEFIT PROGRAMS  
FOR GOVERNMENTAL EMPLOYEES

Submitted to the 77th Legislature  
as part of the  
Texas Legislative Council's  
Statutory Revision Program

Austin, Texas  
2001

(1) "Administering firm" means a firm designated by the trustee to administer the group long-term care insurance program under this article.

[Chapters 1553-1574 reserved for expansion]

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CHAPTER 1575. TEXAS PUBLIC SCHOOL EMPLOYEES GROUP  
BENEFITS PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Revised Law

Sec. 1575.001. SHORT TITLE. This chapter may be cited as  
the Texas Public School Employees Group Benefits Act. (V.T.I.C.  
Art. 3.50-4, Sec. 1.)

Source Law

Art. 3.50-4

Sec. 1. This article may be cited as the  
Texas Public School Employees Group Insurance  
Act.

Revisor's Note

Section 1, V.T.I.C. Article 3.50-4,  
provides that the article, revised as this  
chapter, may be cited as the "Texas Public  
School Employees Group Insurance Act." The  
revised law substitutes "Benefits" for  
"Insurance" to more accurately reflect the  
types of coverages provided under this law.

Revised Law

Sec. 1575.002. GENERAL DEFINITIONS. In this chapter:

(1) "Active employee" means an employee as defined by  
Section 821.001, Government Code, who:

(A) is a member of the system; and

(B) is not entitled to coverage under a plan  
provided under Chapter 1551 or 1601.

(2) "Board of trustees" means the board of trustees of

the Teacher Retirement System of Texas.

(3) "Carrier" means an insurance company or hospital service corporation authorized by the department under this code to provide any of the insurance coverages, benefits, or services provided by this chapter.

(4) "Fund" means the Texas public school employees group insurance fund.

(5) "Group program" means the Texas Public School Employees Group Insurance Program authorized by this chapter.

(6) "Health benefit plan" means a group insurance policy, contract, or certificate, medical or hospital service agreement, membership or subscription contract, salary continuation plan, or similar group arrangement to provide health care services or to pay or reimburse expenses of health care services.

(7) "System" means the Teacher Retirement System of Texas. (V.T.I.C. Art. 3.50-4, Secs. 2(1), (2), (4), (5), (9), (12); New.)

#### Source Law

#### Sec. 2. In this article:

(1) "Active employee" means an employee as defined by Subdivision (6), Section 821.001, Government Code, who is a member of the Teacher Retirement System of Texas and who is not entitled to coverage under a plan provided under the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code), or under the Texas State College and University Employees Uniform Insurance Benefits Act (Article 3.50-3, Vernon's Texas Insurance Code).

(2) "Carrier" means any insurance company or hospital service corporation authorized by the State Board of Insurance to provide any of the insurance coverages, benefits, or services provided by this article under the insurance laws of this state.

(4) "Fund" means the Texas public school employees group insurance fund.

(5) "Health benefit plan" or "plan" means a group insurance policy, contract, or certificate, medical or hospital service agreement, membership or subscription contract, salary continuation plan, or

similar group arrangement to provide, pay for, or reimburse expenses for health care services.

(9) "Program" means the group insurance program authorized by this article.

(12) "Trustee" means the Teacher Retirement System of Texas.

Revisor's Note

(1) Section 2(2), V.T.I.C. Article 3.50-4, refers to the State Board of Insurance. Chapter 685, Acts of the 73rd Legislature, Regular Session, 1993, abolished the State Board of Insurance and transferred its functions to the commissioner of insurance and the Texas Department of Insurance. Chapter 31 of this code defines "commissioner" and "department" for purposes of this code and the other insurance laws of this state to mean the commissioner of insurance and the Texas Department of Insurance, respectively. Throughout this chapter, references to the State Board of Insurance have been changed appropriately.

(2) Section 2(2), V.T.I.C. Article 3.50-4, refers to an insurance company authorized "to provide any of the insurance coverages, benefits, or services provided by this article under the insurance laws of this state." The revised law substitutes "under this code" for "under the insurance laws of this state" because all of the laws of this state relating to the coverages, benefits, or services provided under Article 3.50-4 have been codified in this code.

(3) Section 2(5), V.T.I.C. Article 3.50-4, defines "health benefit plan" or "plan." The term "plan" is not used consistently in the source law for this chapter. For clarity and to avoid any inconsistency, the revised law uses only "health benefit plan" in this context.

(4) Section 2(6), V.T.I.C. Article 3.50-4, provides a definition of "Medicare." The revised law omits the definition as unnecessary because the term is commonly used



in other statutes, and its meaning is unambiguous. The omitted law reads:

(6) "Medicare" means the health insurance program for the aged and disabled that is provided by the United States government.

(5) Section 2(12), V.T.I.C. Article 3.50-4, defines "trustee" for purposes of that article to mean the Teacher Retirement System of Texas. The board of trustees is the governing body of the Teacher Retirement System of Texas. For clarity and convenience, the revised law substitutes "board of trustees" for "trustee" as the defined term. The substitution of "board of trustees" for "trustee" is also made throughout this chapter to reflect the change made in this section, except that "system" is used in those instances in which "trustee" clearly means not the governing body of the Teacher Retirement System of Texas but the Teacher Retirement System of Texas itself.

(6) The definition of "system" is added to the revised law for drafting convenience and to eliminate frequent, unnecessary repetition of the substance of the definition.

#### Revised Law

Sec. 1575.003. DEFINITION OF DEPENDENT AND RELATED TERMS.  
In this chapter:

(1) "Dependent" means:

(A) the spouse of a retiree or active employee;  
(B) an unmarried child of a retiree, active employee, or deceased active employee if the child is younger than 25 years of age, including:

(i) an adopted child;  
(ii) a foster child, stepchild, or other child who is in a regular parent-child relationship; or  
(iii) a recognized natural child;

(C) a retiree's or active employee's recognized natural child, adopted child, foster child, stepchild, or other child, without regard to the age of the child, if the child is in a regular parent-child relationship, lives with or has the child's care provided by the retiree, active employee, or surviving spouse on a regular basis, and is mentally retarded or physically incapacitated to an extent that the child is dependent on the retiree, active employee, or surviving spouse for care or

support, as determined by the board of trustees; or

(D) a deceased active employee's recognized natural child, adopted child, foster child, stepchild, or other child who is in a regular parent-child relationship, without regard to the age of the child, if, while the active employee was alive, the child:

(i) lived with or had the child's care provided by the active employee on a regular basis; and

(ii) was mentally retarded or physically incapacitated to an extent that the child was dependent on the active employee or surviving spouse for care or support, as determined by the board of trustees.

(2) "Surviving dependent child" means:

(A) the dependent child of a deceased retiree who has survived the deceased retiree and the deceased retiree's spouse; or

(B) the dependent child of a deceased active employee who has survived the deceased employee and the deceased employee's spouse if the deceased employee:

(i) had contributions made to the group program at the last place of employment of the deceased employee in public education in this state;

(ii) had 10 or more years of service credit in the system; and

(iii) died on or after September 1, 1986.

(3) "Surviving spouse" means:

(A) the surviving spouse of a deceased retiree; or

(B) the surviving spouse of a deceased active employee:

(i) for whom contributions have been made to the group program at the last place of employment of the deceased employee in public education in this state;

(ii) who had 10 or more years of service credit in the system; and

(iii) who died on or after September 1, 1986. (V.T.I.C. Art. 3.50-4, Secs. 2(3), (11), (13).)

#### Source Law

Sec. 2. In this article:

(3) "Dependent" means:

(A) a spouse of a retiree or active member;

(B) a retiree's, an active member's, or a deceased active member's unmarried child who is younger than 25 years of age including:

- (i) an adopted child;
- (ii) a foster child, a stepchild, or other child who is in a regular parent-child relationship; and
- (iii) a recognized natural child; and

(C) a retiree's or active member's recognized natural child, adopted child, foster child, stepchild, or other child who is in a regular parent-child relationship and who lives with or whose care is provided by the retiree, active member, or surviving spouse on a regular basis, regardless of the child's age, if the child is mentally retarded or physically incapacitated to such an extent as to be dependent on the retiree, active member, or surviving spouse for care or support, as determined by the trustee, or in the case of a deceased active member, a recognized natural child, adopted child, foster child, stepchild, or other child who was in a regular parent-child relationship and who lived with or whose care was provided by the deceased active member on a regular basis, regardless of the child's age, if the child is mentally retarded or physically incapacitated to such an extent as to have been dependent on the deceased active member or surviving spouse for care or support, as determined by the trustee.

(11) "Surviving spouse" means:

- (A) the surviving spouse of a deceased retiree;

- (B) the surviving spouse of a deceased active member of the Teacher Retirement System of Texas:

- (i) for whom contributions have been made to the Texas Public School Retired Employees Group Insurance Program at the last place of employment of the deceased active member in public education in this state;

- (ii) who had 10 or more years of service credit in the Teacher Retirement System of Texas; and

- (iii) who died on or

after September 1, 1986.

(13) "Surviving dependent child" means:

(A) the dependent child of a deceased retiree who has survived the deceased retiree and the deceased retiree's spouse; or

(B) the dependent child of a deceased active member of the Teacher Retirement System of Texas who has survived the deceased active member and the deceased member's spouse if the deceased active member:

(i) had contributions to the Texas Public School Retired Employees Group Insurance Program at his last place of employment within public education;

(ii) had 10 or more years of service credit in the Teacher Retirement System of Texas; and

(iii) died on or after September 1, 1986.

#### Revised Law

Sec. 1575.004. DEFINITION OF RETIREE. In this chapter, "retiree" means:

(1) an individual who:

(A) has taken a service retirement under the system with at least 10 years of service credit in the system for actual service in public schools in this state; and

(B) is not eligible for coverage under a plan provided under Chapter 1551 or 1601; or

(2) an individual who:

(A) has taken a disability retirement under the system; and

(B) is entitled to receive monthly benefits from the system. (V.T.I.C. Art. 3.50-4, Sec. 2(10).)

#### Source Law

Sec. 2. In this article:

(10) "Retiree" means:

(A) a person who has retired under the Teacher Retirement System of Texas, as provided by Subtitle C, Title 8, Government Code, with at least 10 years of service credit in the retirement system for

actual service in Texas public schools and who is not eligible to be covered by a plan provided under the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code), or under the Texas State College and University Employees Uniform Insurance Benefits Act (Article 3.50-3, Vernon's Texas Insurance Code); or

(B) a person who has retired as a disability retiree under Subtitle C, Title 8, Government Code, and is entitled to receive monthly benefits from the retirement system.

#### Revised Law

Sec. 1575.005. ISSUANCE OF CERTIFICATE OF COVERAGE. At the time and in the circumstances specified by the board of trustees, a carrier shall issue to each retiree, surviving spouse, surviving dependent child, or active employee of a participating school district covered under this chapter a certificate of coverage that:

- (1) states the benefits to which the person is entitled;
- (2) states to whom the benefits are payable;
- (3) states to whom a claim must be submitted; and
- (4) summarizes the provisions of the coverage principally affecting the person. (V.T.I.C. Art. 3.50-4, Sec. 9.)

#### Source Law

Sec. 9. At such times, or upon such events, as designated by the trustee, each insurance carrier shall issue to each retiree, active employee, surviving spouse, or surviving dependent child insured under this article a certificate of insurance that:

- (1) states the benefits to which the person is entitled;
- (2) states to whom the benefits are payable;
- (3) states to whom the claims must be submitted; and
- (4) summarizes the provisions of the policy principally affecting the person.

#### Revisor's Note

- (1) Section 9, V.T.I.C. Article 3.50-4, refers to coverage provided to an "active

employee." Under Section 2(1), V.T.I.C. Article 3.50-4, revised as part of Section 1575.002, "active employee" means a member of the Teacher Retirement System of Texas who is not entitled to coverage under certain other programs. However, under Section 7A, V.T.I.C. Article 3.50-4, revised as Subchapter R of this chapter, it is clear that only the employees of public school districts that elect to participate in the program may receive coverage under the group program. For clarity, the revised law refers to an active employee "of a participating school district." Similar changes are made throughout this chapter where appropriate.

(2) Section 9, V.T.I.C. Article 3.50-4, refers to certain persons "insured" under the article and to the issuance of a certificate of "insurance." For consistency and clarity throughout this subtitle, the revised law refers to persons "covered" instead of "insured" and to the issuance of a certificate of "coverage" instead of a certificate of "insurance." Related changes necessary to ensure consistent use of terminology have been made throughout this chapter.

#### Revised Law

Sec. 1575.006. EXEMPTION FROM PROCESS. (a) The following are exempt from execution, attachment, garnishment, or any other process:

(1) benefit payments, including optional benefits payments, active employee and state contributions, and retiree, surviving spouse, and surviving dependent child contributions;

(2) any rights, benefits, or payments accruing to any person under this chapter; and

(3) any money in the fund.

(b) The items listed in Subsection (a) may not be assigned except for direct payment to benefit providers as authorized by the board of trustees by contract, rule, or otherwise. (V.T.I.C. Art. 3.50-4, Sec. 11(a).)

#### Source Law

Sec. 11. (a) All insurance benefit payments, active employee and state contributions, retiree, surviving spouse, and surviving dependent child contributions, and optional benefits payments and any rights,

benefits, or payments accruing to any person under this article, as well as all money in the fund created by this article, are exempt from execution, attachment, garnishment, or any other process and may not be assigned except for direct payment to benefit providers as authorized by the trustee by contract, rule, or otherwise.

Revised Law

Sec. 1575.007. EXEMPTION FROM STATE TAXES AND FEES. A premium or contribution on a policy, insurance contract, or agreement authorized by this chapter is not subject to any state tax, regulatory fee, or surcharge, including a premium or maintenance tax or fee. (V.T.I.C. Art. 3.50-4, Sec. 11(b).)

Source Law

(b) A premium or contribution on a policy, insurance contract, or agreement authorized as provided by this article is not subject to any state tax, regulatory fee, or surcharge, including premium or maintenance taxes or fees.

Revised Law

Sec. 1575.008. APPLICABILITY OF OTHER LAW. Article 3.51 does not apply to insurance purchased under this chapter. (V.T.I.C. Art. 3.50-4, Sec. 21.)

Source Law

Sec. 21. Article 3.51, Insurance Code, does not apply to insurance purchased under this article.

Revisor's Note

(End of Subchapter)

Section 2(7), V.T.I.C. Article 3.50-4, defines "minimum premium contract." The revised law omits the definition as unnecessary because the defined term is not used in that article or in the revised law. The omitted law reads:

(7) "Minimum premium contract" means a contract entered into with the carrier by the trustee that provides that:

(A) an appropriate amount will be paid to the carrier to cover its cost

of direct claims administration, cost of other administration, risk charges with stop loss provisions, and profit; and

(B) the remainder of the funds under the program will be used by the fund to reimburse the carrier to cover claims as they are paid, to pay the administrative expenses of the program, and to provide within the fund the assets to cover all reserves necessary for the trustee to operate on a financially sound basis.

[Sections 1575.009-1575.050 reserved for expansion]

#### SUBCHAPTER B. ADMINISTRATION

##### Revised Law

Sec. 1575.051. ADMINISTRATION OF GROUP PROGRAM. The board of trustees shall take the actions it considers necessary to devise, implement, and administer the group program. (V.T.I.C. Art. 3.50-4, Sec. 3(b).)

##### Source Law

(b) The trustee shall take the actions it considers necessary to devise, administer, and implement the program.

##### Revised Law

Sec. 1575.052. AUTHORITY TO ADOPT RULES AND PROCEDURES; OTHER AUTHORITY. (a) The board of trustees may adopt rules, plans, procedures, and orders reasonably necessary to implement this chapter, including:

(1) minimum benefit and financing standards for group coverage for retirees, dependents, surviving spouses, surviving dependent children, and active employees of participating school districts;

(2) basic and optional group coverage for retirees, dependents, surviving spouses, surviving dependent children, and active employees of participating school districts;

(3) procedures for contributions and deductions;

(4) periods for enrollment and selection of optional coverage and procedures for enrolling and exercising options under the group program;

(5) procedures for claims administration;

(6) procedures to administer the fund; and

(7) a timetable for:

(A) developing minimum benefit and financial standards for group coverage;

(B) establishing group plans; and



(C) taking bids and awarding contracts for group plans.

(b) The board of trustees may:

(1) study the operation of all group coverage provided under this chapter; and

(2) contract for advice and counsel in implementing and administering the group program with an independent and experienced group insurance consultant or actuary who does not receive a commission from any insurance company. (V.T.I.C. Art. 3.50-4, Sec. 5.)

Source Law

Sec. 5. (a) The trustee may adopt rules, plans, procedures, and orders reasonably necessary to implement this article, including:

(1) establishment of minimum benefit and financing standards for group insurance coverage to be provided to all retirees, active employees, dependents, surviving spouses, and surviving dependent children;

(2) establishment of basic and optional group coverage to be provided to retirees, active employees, dependents, surviving spouses, and surviving dependent children;

(3) establishment of the procedures for contributions and deductions;

(4) establishment of periods for enrollment and selection of optional coverage and procedures for enrolling and exercising options under the plan;

(5) determination of methods and procedures for claims administration;

(6) study of the operation of all insurance coverage provided under this article;

(7) administration of the fund;

(8) adoption of a timetable for the development of minimum benefit and financial standards for group insurance coverage, establishment of group insurance plans, and the taking of bids for and awarding of contracts for insurance plans; and

(9) contracting with an independent and experienced group insurance

consultant or actuary, who does not receive insurance commissions from any insurance company, for advice and counsel in implementing and administering this program.

(b) The trustee may adopt other rules relating to the program as considered necessary by the trustee.

Revisor's Note

Section 5(a)(5), V.T.I.C. Article 3.50-4, refers to the "methods and procedures" for claims administration. The reference to "methods" is omitted from the revised law because "methods" is included within the meaning of "procedures."

Revised Law

Sec. 1575.053. PERSONNEL. (a) The board of trustees may employ persons to assist the board in implementing this chapter.

(b) The board of trustees shall prescribe the duties and compensation of each employee of the board. (V.T.I.C. Art. 3.50-4, Sec. 4.)

Source Law

Sec. 4. The trustee may employ persons to assist it in carrying out this article. The trustee shall determine the duties and compensation of these employees.

Revised Law

Sec. 1575.054. BUDGET. Expenses incurred in developing and administering the group program shall be paid as provided by a budget adopted by the board of trustees. (V.T.I.C. Art. 3.50-4, Sec. 15(c).)

Source Law

(c) Expenses for the development and administration of the program shall be spent as provided by a budget adopted by the trustee.

Revised Law

Sec. 1575.055. DEPARTMENT ASSISTANCE. The department shall, as requested by the board of trustees, assist the board in implementing and administering this chapter. (V.T.I.C. Art. 3.50-4, Sec. 19.)

Source Law

Sec. 19. In implementing and

administering this article, the State Board of Insurance, as requested by the trustee, shall assist the trustee in carrying out this article.

Revisor's Note  
(End of Subchapter)

Section 3(a), V.T.I.C. Article 3.50-4, refers to the establishment of the Texas Public School Employees Group Insurance Program. The revised law omits the reference to the establishment of the program because that provision is executed. The omitted law reads:

Sec. 3. (a) The Texas Public School Employees Group Insurance Program is established to provide for an insurance plan or plans under this article.

[Sections 1575.056-1575.100 reserved for expansion]

SUBCHAPTER C. PROVISION OF BENEFITS

Revised Law

Sec. 1575.101. SYSTEM AS GROUP PLAN HOLDER. The system is the group plan holder of a plan established under this chapter. (V.T.I.C. Art. 3.50-4, Sec. 8(a) (part).)

Source Law

Sec. 8. (a) The trustee shall be designated as the group policyholder for any plan or plans established in this article. . . .

Revised Law

Sec. 1575.102. SELF-INSURED PLANS. The board of trustees may self-insure any plan established under this chapter. (V.T.I.C. Art. 3.50-4, Secs. 8(a) (part), (j) (part).)

Source Law

(a) . . . The trustee has authority to establish one or more plans that are self-insured.

(j) Notwithstanding any other provisions of this article, the trustee providing programs of benefits under this article is authorized to self-insure any and

all programs available under this article and  
. . . .

Revisor's Note

Section 8(j), V.T.I.C. Article 3.50-4, refers to the power of the board of trustees to self-insure "programs of benefits." The revised law substitutes "plan" for "programs of benefits" to clarify the use of that phrase in this context.

Revised Law

Sec. 1575.103. PLANS MAY VARY ACCORDING TO MEDICARE COVERAGE. For retirees and surviving spouses who are covered by Medicare, the board of trustees may provide one or more plans that are different from the plans provided for retirees and surviving spouses who are not covered by Medicare. (V.T.I.C. Art. 3.50-4, Sec. 8(c).)

Source Law

(c) The trustee may provide different plans for retirees and surviving spouses covered by Medicare than the plans provided for retirees and surviving spouses who are not covered by Medicare.

Revised Law

Sec. 1575.104. TERMS OF CONTRACT. A contract for group coverage awarded by the board of trustees must meet the minimum benefit and financial standards adopted by the board. (V.T.I.C. Art. 3.50-4, Sec. 8(g).)

Source Law

(g) Each contract shall be based on the terms and conditions agreed on between the trustee and the entity selected to provide the coverage and benefits. Any contract for group benefits awarded by the trustee must meet the minimum benefit and financial standards adopted by the trustee.

Revisor's Note

The first sentence of Section 8(g), V.T.I.C. Article 3.50-4, provides that a contract "shall be based on the terms and conditions agreed on" between certain entities. The revised law omits the sentence as unnecessary because a contract by definition establishes the terms and

conditions agreed on between the contracting parties.

Revised Law

Sec. 1575.105. PLAN COVERAGE SECONDARY TO CERTAIN OTHER COVERAGE. The coverage provided by a plan established under this chapter:

(1) is secondary to Medicare hospital and medical insurance to the extent permitted by federal law if the retiree, dependent, surviving spouse, or surviving dependent child is entitled to receive Medicare hospital insurance benefits without charge; and

(2) may be made secondary to other coverage to which the retiree, dependent, surviving spouse, or surviving dependent child is entitled. (V.T.I.C. Art. 3.50-4, Sec. 8(h).)

Source Law

(h) The coverage provided by the plan or plans may be secondary to all other benefit coverage to which the retiree, surviving spouse, dependent, or surviving dependent child is entitled. In the event the retiree, surviving spouse, dependent, or surviving dependent child is entitled to receive medicare hospital insurance benefits at no charge, then the coverage provided by the plan or plans shall be secondary to medicare hospital and medical insurance to the extent permitted by federal law.

Revised Law

Sec. 1575.106. COMPETITIVE BIDDING REQUIREMENTS; RULES. (a) A contract to provide group benefits under this chapter may be awarded only through competitive bidding under rules adopted by the board of trustees.

(b) The rules:

(1) must require that a prospective bidder provide, for each area consisting of a county and all adjacent counties, information on the number and types of qualified providers willing to participate in the plan for which the bid is made; and

(2) may provide criteria for determining whether a provider is qualified.

(c) The board of trustees may not require a bidder to demonstrate a minimum standard of provider participation.

(d) The board of trustees shall submit for competitive bidding at least every six years each contract under this chapter. (V.T.I.C. Art. 3.50-4, Secs. 8(f), (i) (part).)

Source Law

(f) New contracts for coverages under this program shall be submitted for competitive bidding at least every six years.

(i) In contracting for any benefits under this article, competitive bidding shall be required under rules adopted by the trustee. The rules must require that prospective bidders provide information, for each area consisting of a county and all adjacent counties, on the number and types of qualified providers willing to participate in the coverage or plan for which the bid is made. The rules may provide criteria to determine qualified providers. The trustee . . . may not require a bidder to demonstrate a minimum standard of provider participation. . . .

#### Revised Law

Sec. 1575.107. CONTRACT AWARD; CONSIDERATIONS. (a) In awarding a contract to provide group benefits under this chapter, the board of trustees is not required to select the lowest bid and:

(1) shall consider information obtained under Section 1575.106; and

(2) may consider any relevant criteria, including the bidder's:

(A) ability to service contracts;

(B) past experiences; and

(C) financial stability.

(b) If the board of trustees awards a contract to a bidder whose bid deviates from that advertised, the board shall record the deviation and fully justify the reason for the deviation in the minutes of the next board meeting. (V.T.I.C. Art. 3.50-4, Sec. 8(i) (part).)

#### Source Law

(i) . . . The trustee shall consider the information before awarding a contract but . . . . The trustee is not required to select the lowest bid but may consider also ability to service contracts, past experiences, financial stability, and other relevant criteria. If the trustee awards a contract to an entity whose bid deviates from that advertised, the deviation shall be recorded and the reasons for the deviation shall be fully justified in the minutes of the next meeting of the trustee.

#### Revised Law

Sec. 1575.108. USE OF PRIVATE ENTITIES. The board of trustees may engage a private entity to collect contributions from or to settle claims in connection with a plan established by the board under this chapter. (V.T.I.C. Art. 3.50-4, Sec. 8(j) (part).)

#### Source Law

(j) . . . the trustee . . . may, at its discretion, engage

private entities to collect contributions from or to settle claims in connection with plans established by the trustee under this section.

Revised Law

Sec. 1575.109. USE OF HEALTH CARE PROVIDER. To provide benefits to participants in the group program, the board of trustees may contract directly with a health care provider, including a health maintenance organization, a preferred provider organization, a carrier, an administrator, and any other qualified vendor. (V.T.I.C. Art. 3.50-4, Sec. 8(k).)

Source Law

(k) The trustee may contract directly with health care providers, including health maintenance organizations, preferred provider organizations, carriers, administrators, and other qualified vendors, to provide benefits to participants in the program.

[Sections 1575.110-1575.150 reserved for expansion]

SUBCHAPTER D. COVERAGES AND PARTICIPATION

Revised Law

Sec. 1575.151. TYPES OF COVERAGES. The board of trustees may include in a plan any coverage it considers advisable, including:

- (1) life insurance;
- (2) accidental death and dismemberment coverage;
- (3) coverage for:
  - (A) hospital care and benefits;
  - (B) surgical care and treatment;
  - (C) medical care and treatment;
  - (D) dental care;
  - (E) eye care;
  - (F) obstetrical benefits;
  - (G) long-term care;
  - (H) prescribed drugs, medicines, and prosthetic devices; and
  - (I) supplemental benefits, supplies, and services in accordance with this chapter; and
- (4) protection against loss of salary. (V.T.I.C. Art. 3.50-4, Sec. 8(b).)

Source Law

(b) The coverages provided under the plan or plans may include but are not limited to life insurance, accidental death and dismemberment, hospital care and benefits, surgical care and treatment, medical care and treatment, dental care, eye care,

obstetrical benefits, long-term care, prescribed drugs, medicines, and prosthetic devices, and other supplemental benefits, supplies, and services as provided by this article, protection against loss of salary, and other coverages considered advisable.

Revisor's Note

Section 8(b), V.T.I.C. Article 3.50-4, refers to coverages that "include but are not limited to" certain coverages. "[B]ut are not limited to" is omitted from the revised law as unnecessary because Section 311.005(13), Government Code (Code Construction Act), and Section 312.011(19), Government Code, provide that "includes" and "including" are terms of enlargement and not of limitation and do not create a presumption that components not expressed are excluded.

Revised Law

Sec. 1575.152. BASIC PLAN MUST COVER PREEXISTING CONDITIONS. A basic plan must cover preexisting conditions. (V.T.I.C. Art. 3.50-4, Sec. 8(d).)

Source Law

(d) Each basic plan must cover preexisting conditions.

Revised Law

Sec. 1575.153. AUTOMATIC BASIC COVERAGE. A retiree or active employee of a participating school district who applies for coverage during an enrollment period may not be denied coverage in a basic plan provided under this chapter unless the board of trustees finds under Subchapter K that the individual defrauded or attempted to defraud the group program. (V.T.I.C. Art. 3.50-4, Sec. 13.)

Source Law

Sec. 13. A retiree or active employee who applies during an enrollment period may not be denied any of the group insurance basic coverage provided under this article unless the person has been found under Section 18A of this article to have defrauded or attempted to defraud the Texas Public School Employees Group Insurance Program.

Revised Law

Sec. 1575.154. ENROLLMENT IN BASIC PLAN BY RETIREES REQUIRED. A retiree must be enrolled in a basic plan offered under the group program unless:

(1) the retiree rejects enrollment in the group program in writing on a form provided by the board of trustees; or

(2) the board of trustees finds under Subchapter K



that the retiree defrauded or attempted to defraud the group program. (V.T.I.C. Art. 3.50-4, Sec. 7(a).)

Source Law

Sec. 7. (a) Each retiree must be enrolled in a basic plan offered in the program unless:

(1) the retiree rejects enrollment in the program in writing on a form provided by the trustee; or

(2) the retiree has been found under Section 18A of this article to have defrauded or attempted to defraud the program.

Revised Law

Sec. 1575.155. COVERAGE FOR DEPENDENTS OF RETIREE. (a) A retiree participating in the group program is entitled to secure for the retiree's dependents group coverage provided for the retiree under this chapter, as determined by the board of trustees.

(b) The additional contribution payments for the dependent coverage shall be deducted from the annuity payments to the retiree in the manner and form determined by the board of trustees. (V.T.I.C. Art. 3.50-4, Sec. 18(a).)

Source Law

Sec. 18. (a) Any retiree participating in the program is entitled to secure for his dependents group insurance coverages provided for the retiree under this article, as determined by the trustee. The additional contribution payments for the coverages for dependents shall be deducted from the annuities of the retiree in the manner and form determined by the trustee.

Revised Law

Sec. 1575.156. COVERAGE FOR SURVIVING SPOUSE OR DEPENDENTS OF SURVIVING SPOUSE. (a) A surviving spouse who is entitled to group coverage under this chapter may elect to retain or obtain coverage for the surviving spouse or dependents of the surviving spouse at the applicable rate for the deceased participant.

(b) A surviving spouse must provide payment of applicable contributions in the manner established by Section 1575.205 and by the board of trustees. (V.T.I.C. Art. 3.50-4, Sec. 18(b).)

Source Law

(b) A surviving spouse who is entitled to insurance benefits under this article may elect to retain or obtain the insurance coverage for himself or his dependents, at the applicable rates for retirees, provided the surviving spouse provides payment of applicable contributions in the manner established by Section 14 of this Act and by the trustee.

Revised Law

Sec. 1575.157. COVERAGE FOR SURVIVING DEPENDENT CHILD. (a) A surviving dependent child, the guardian of the child's estate, or the person having custody of the child may elect to retain or obtain group coverage for the surviving dependent child at the applicable rate for a dependent.

(b) The applicable contributions must be provided in the manner established by Section 1575.205 and by the board of trustees. (V.T.I.C. Art. 3.50-4, Sec. 18(c).)

Source Law

(c) A surviving dependent child, the guardian of the child's estate, or the person having custody of the child may elect to retain or obtain insurance coverage for the surviving dependent child at rates applicable for dependents if applicable contributions are made in the manner established by Section 14 of this Act and by the trustee.

Revised Law

Sec. 1575.158. OPTIONAL GROUP HEALTH BENEFIT PLAN. (a) The board of trustees may, in addition to providing a basic plan, contract for and make available an optional group health benefit plan for retirees, dependents, surviving spouses, or surviving dependent children.

(b) An optional group health benefit plan may provide for:

(1) a deductible in an amount that is less than the amount for the basic plan;

(2) coinsurance in an amount that is less than the amount for the basic plan; or

(3) additional benefits as permitted under Section 1575.151. (V.T.I.C. Art. 3.50-4, Sec. 8(e) (part).)

Source Law

(e) The trustee may contract for and make available to all retirees, dependents, surviving spouses, and surviving dependent children optional group health benefit plans in addition to the basic plans. The optional coverage may include a smaller deductible, lower coinsurance, or additional categories of benefits permitted under Subsection (b) of this section to provide additional levels of coverages and benefits. . . .

Revised Law

Sec. 1575.159. COVERAGE FOR PROSTATE-SPECIFIC ANTIGEN TEST. A health benefit plan offered under the group program must provide coverage for a medically accepted prostate-specific antigen test used for the detection of prostate cancer for each male enrolled in the plan who:

(1) is at least 50 years of age; or

(2) is at least 40 years of age and:

(A) has a family history of prostate cancer; or

(B) exhibits another cancer risk factor.

(V.T.I.C. Art. 3.50-4, Sec. 18D.)

Source Law

Sec. 18D. A health benefit plan offered under the program must provide coverage for each male who is at least 50 years of age, or is at least 40 years of age with a family history of prostate cancer or another cancer risk factor, and who is enrolled in the plan for a medically accepted prostate specific antigen test used for the detection of prostate cancer.

Revised Law

Sec. 1575.160. GROUP LIFE OR ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE: PAYMENT OF CLAIM. The amount of group life insurance or group accidental death and dismemberment insurance covering a retiree, active employee, dependent, surviving spouse, or surviving dependent child on the date of death shall be paid, on the establishment of a valid claim, only to:

(1) the beneficiary designated by the person in a signed and witnessed document received before death in the office of the system; or

(2) a person in the order prescribed by Section 824.103(b), Government Code, if a beneficiary is not properly designated or a beneficiary does not exist. (V.T.I.C. Art. 3.50-4, Sec. 12.)

Source Law

Sec. 12. The amount of group life insurance and group accidental death and dismemberment insurance covering a retiree, active employee, surviving spouse, dependent, or surviving dependent child at the date of death shall be paid, on the establishment of a valid claim, only:

(1) to the beneficiary or beneficiaries designated by the person in a signed and witnessed written document received before death in the trustee's office; or

(2) if no beneficiary is properly designated or in existence, to persons in accordance with the trustee's death benefit provisions in Subsection (b), Section 824.103, Government Code.

Revisor's Note

Section 12, V.T.I.C. Article 3.50-4, refers to a signed and witnessed "written" document. The revised law omits "written" as unnecessary because in order for a document to be signed and witnessed, it must be written.

[Sections 1575.161-1575.200 reserved for expansion]

SUBCHAPTER E. CONTRIBUTIONS

Revised Law

Sec. 1575.201. ADDITIONAL STATE CONTRIBUTIONS. The state through the system shall contribute from money in the fund the total cost of the basic plan covering each participating retiree. (V.T.I.C. Art. 3.50-4, Sec. 7(b).)

Source Law

(b) For each retiree who participates in the program, the state through the trustee shall contribute from money in the fund the total cost for the basic plan covering the retiree.

Revised Law

Sec. 1575.202. STATE CONTRIBUTION BASED ON ACTIVE EMPLOYEE COMPENSATION. (a) Each state fiscal year, the state shall contribute to the fund an amount equal to 0.5 percent of the salary of each active employee.

(b) The state may contribute to the fund an amount in addition to the contribution required by Subsection (a). (V.T.I.C. Art. 3.50-4, Sec. 16(b).)

Source Law

(b) The state shall contribute as the state's contribution to the fund each fiscal year an amount equal to .50 percent of the salary of each active employee. The state may contribute amounts in addition to the contribution required by this subsection.

Revised Law

Sec. 1575.203. ACTIVE EMPLOYEE CONTRIBUTION. (a) Each state fiscal year, each active employee shall, as a condition of employment, contribute to the fund an amount equal to 0.25 percent of the employee's salary.

(b) The employer of an active employee shall monthly:

(1) deduct the employee's contribution from the employee's salary and remit the contribution to the system in the manner required by the board of trustees; or

(2) assume and pay the total contributions due from its active employees.

(c) Contributions to the fund deducted from the salary of an active employee are included in annual compensation for purposes of the system. (V.T.I.C. Art. 3.50-4, Secs. 16(a), (e).)

Source Law

Sec. 16. (a) For the state fiscal year beginning September 1, 1985, and for each subsequent state fiscal year, each active

employee, as a condition of employment, shall contribute to the fund an amount equal to .25 percent of the employee's salary. Each month the employer of an active employee shall deduct the contributions from the employee's salary and shall remit the contributions to the trustee as provided by any procedures that the trustee may require. In lieu of deducting the contributions from salaries, an employer may assume and pay the total contributions due from its active employees for any month.

(e) Contributions to the fund deducted from the salary of an active employee are included in "annual compensation" for purposes of the Teacher Retirement System of Texas.

#### Revisor's Note

Section 16(a), V.T.I.C. Article 3.50-4, provides the amount of the contribution required from active employees for each state fiscal year "beginning September 1, 1985." The revised law omits the quoted language as executed.

#### Revised Law

Sec. 1575.204. RATIO OF STATE AND ACTIVE EMPLOYEE CONTRIBUTIONS. If the amount of state and active employee contributions to the fund is raised by the legislature above the percentages provided by Sections 1575.202 and 1575.203 to provide adequate funding for the group program, the ratio between the state's contribution and the active employees' contributions must be maintained at two to one. (V.T.I.C. Art. 3.50-4, Sec. 16(c).)

#### Source Law

(c) If after the state fiscal year beginning September 1, 1990, the amount of state and active employee contributions to the fund is raised by the legislature above the percentages provided by Subsections (a) and (b) of this section to provide adequate funding for the program, the ratio between the state's contribution and the active employees' contributions must be maintained at two to one.

#### Revisor's Note

Section 16(c), V.T.I.C. Article 3.50-4, provides for the adjustment of state and employee contributions if those contributions exceed certain percentages after the state fiscal year "beginning September 1, 1990." The revised law omits the quoted language as executed.

#### Revised Law

Sec. 1575.205. PARTICIPANT CONTRIBUTION FOR OPTIONAL PLAN.  
(a) A retiree, surviving spouse, or surviving dependent child who elects an optional plan shall pay a monthly contribution to cover the cost of the plan. The board of trustees shall adopt rules for the collection of additional contributions.

(b) As a condition of electing coverage under an optional plan, a retiree or surviving spouse must, in writing, authorize the board of trustees to deduct the amount of the contribution from the person's monthly annuity payment.

(c) The board of trustees may spend a part of the money received for the group program to offset a part of the costs for optional coverage paid by retirees if the expenditure does not reduce the period the group program is projected to remain financially solvent by more than one year in a biennium.

(V.T.I.C. Art. 3.50-4, Secs. 8(e) (part), 14.)

Source Law

[Sec. 8]

(e) . . . The trustee may utilize a portion of the funds received for the Texas Public School Employees Group Insurance Program to offset some portion of costs paid by the retiree for optional coverage if such utilization does not reduce the period the program is projected to remain financially solvent by more than one year in a biennium. Any additional contributions for these optional plans shall be paid for by the retiree, surviving spouse, or surviving dependent children.

Sec. 14. Retirees, surviving spouses, and surviving dependent children shall pay monthly contributions to cover the cost of optional plans that they elect to receive, and the trustee shall adopt rules for the collection of additional contributions from retirees, surviving spouses, and surviving dependent children participating in the optional plans. As a condition of electing this coverage, a retiree or surviving spouse must authorize in writing the trustee to deduct the amount of these contributions from the monthly annuity payments.

Revised Law

Sec. 1575.206. CONTRIBUTIONS HELD IN TRUST FOR FUND. An employing school district and its trustees:

(1) hold contributions required by this subchapter in trust for the fund and its participants; and

(2) may not divert the contributions for any other purpose. (V.T.I.C. Art. 3.50-4, Sec. 16(i).)

Source Law

(i) An employing district and its trustees hold amounts due to the Texas public school retired employees group insurance fund under this article in trust for the fund and its participants and may not divert the amounts for any other purpose.

Revisor's Note

Section 16(i), V.T.I.C. Article 3.50-4, refers to an

"employing district." Throughout this chapter, the revised law substitutes "employing school district" for "employing district" for consistency of usage throughout this chapter.

Revised Law

Sec. 1575.207. INTEREST ASSESSED ON LATE PAYMENT OF DEPOSITS BY EMPLOYING SCHOOL DISTRICTS. An employing school district that does not remit to the board of trustees all contributions required by this subchapter before the 11th day after the last day of the month shall pay to the fund:

- (1) the contributions; and
- (2) interest on the unpaid amounts at the annual rate of six percent compounded monthly. (V.T.I.C. Art. 3.50-4, Sec. 16(h).)

Source Law

(h) An employing district that fails to remit, before the 11th day after the last day of the month, all member deposits required by this section to be remitted by the district for the month shall pay to the Texas public school retired employees group insurance fund, in addition to the deposits, interest on the unpaid amounts at the annual rate of six percent compounded monthly.

Revised Law

Sec. 1575.208. CERTIFICATION OF AMOUNT NECESSARY TO PAY STATE CONTRIBUTIONS. Not later than October 31 preceding each regular session of the legislature, the board of trustees shall certify the amount necessary to pay the state contributions to the fund to:

- (1) the Legislative Budget Board; and
  - (2) the budget division of the governor's office.
- (V.T.I.C. Art. 3.50-4, Sec. 16(f) (part).)

Source Law

(f) Before the first day of November preceding each regular session of the legislature, the trustee shall certify to the Legislative Budget Board and the budget division of the governor's office the amounts necessary to pay the contributions of the state to the fund under this article for information and review. . . .

Revised Law

Sec. 1575.209. CERTIFICATION OF AMOUNT OF STATE CONTRIBUTIONS. Not later than August 31 of each year, the board of trustees shall certify to the comptroller the estimated amount of state contributions to be received by the fund for the next fiscal year under the appropriations authorized by this chapter. (V.T.I.C. Art. 3.50-4, Sec. 16(f) (part).)

Source Law

(f) . . . Not later than August 31 of each year, the trustee shall certify to the comptroller of public accounts the estimated amount of state contributions to be received by the fund for the next fiscal year under the appropriations authorized by this article.

Revisor's Note

Section 16(f), V.T.I.C. Article 3.50-4, refers to the "comptroller of public accounts." Throughout this chapter, the revised law substitutes "comptroller" for "comptroller of public accounts" because Section 403.001, Government Code, defines "comptroller" in any state statute to mean the comptroller of public accounts.

Revised Law

Sec. 1575.210. PAYMENT OF STATE CONTRIBUTIONS; RECONCILIATION. (a) Contributions allocated and appropriated under this subchapter for a state fiscal year shall be:

(1) paid from the general revenue fund in equal monthly installments;

(2) based on the estimated amount certified by the board of trustees to the comptroller for that year; and

(3) subject to any express limitations specified in the Act making the appropriation.

(b) A variation between the certified amount and the actual amount due for the state fiscal year shall be reconciled at the end of the fiscal year, and the annual contributions to the fund shall be adjusted accordingly. (V.T.I.C. Art. 3.50-4, Sec. 16(g).)

Source Law

(g) Contributions allocated and appropriated under this section shall be paid from the General Revenue Fund in equal monthly installments, based on the annual estimate certified by the trustee to the comptroller of public accounts for that year, and subject to any express limitations specified in the Act making the appropriation. Variations between the certified amount and the actual amount due for the year shall be reconciled at the close of the fiscal year and proper adjustments in the annual contributions to the fund shall be made.

[Sections 1575.211-1575.250 reserved for expansion]

SUBCHAPTER F. FEDERAL OR PRIVATE SOURCE CONTRIBUTIONS

Revised Law

Sec. 1575.251. DEFINITION. In this subchapter, "employer" has the meaning assigned by Section 821.001, Government Code.



(V.T.I.C. Art. 3.50-4, Sec. 16A(a).)

Source Law

Sec. 16A. (a) In this section, "employer" has the meaning assigned by Section 821.001, Government Code.

Revised Law

Sec. 1575.252. APPLICATION BY EMPLOYER FOR MONEY TO PAY STATE CONTRIBUTIONS. An employer who applies for money provided by the United States or a privately sponsored source shall:

(1) if any of the money will pay part or all of an active employee's salary, also apply for any legally available money to pay state contributions required by Subchapter E; and

(2) immediately send any money received for state contributions as a result of the application to the system for deposit in the general revenue fund. (V.T.I.C. Art. 3.50-4, Secs. 16A(b), (c).)

Source Law

(b) If an employer applies for money provided by the United States, an agency of the United States, or a privately sponsored source and if any of the money will pay part or all of an active employee's salary, the employer shall apply for any legally available money to pay state contributions required by Section 16 of this article.

(c) When an employer receives money for state contributions from an application made in accordance with Subsection (b) of this section, the employer shall immediately send the money to the trustee for deposit in the General Revenue Fund of the state treasury.

Revisor's Note

Section 16A(b), V.T.I.C. Article 3.50-4, refers to the "United States" and "an agency of the United States." The reference to an "agency" is omitted from the revised law because under Section 311.005(9), Government Code (Code Construction Act), "United States" includes an agency of the United States. That definition applies to the revised law.

Revised Law

Sec. 1575.253. MONTHLY CERTIFICATION. An employer shall monthly certify to the board of trustees in a form prescribed by the board:

(1) the total amount of salary paid from federal funds and private grants; and

(2) the total amount of state contributions provided by the funds and grants. (V.T.I.C. Art. 3.50-4, Sec. 16A(d) (part).)

Source Law

(d) Monthly, employers shall:

(1) report to the trustee in a form prescribed by the trustee a certification of the total amount of salary paid from federal funds and private grants and the total amounts provided by the funds and grants for state contributions for the employees; and

. . . .

Revised Law

Sec. 1575.254. MONTHLY MAINTENANCE OF INFORMATION. An employer shall monthly maintain:

(1) the name of each employee whose salary is paid wholly or partly from a grant;

(2) the source of the grant;

(3) the amount of the employee's salary paid from the grant;

(4) the amount of the money provided by the grant for state contributions for the employee; and

(5) any other information the board of trustees determines is necessary to enforce this subchapter. (V.T.I.C. Art. 3.50-4, Sec. 16A(d) (part).)

Source Law

(d) Monthly, employers shall:

. . . .

(2) maintain and retain the following information:

(A) the name of each employee paid in whole or part from a grant;

(B) the source of the grant;

(C) the amount of the employee's salary paid from the grant;

(D) the amount of the money provided by the grant for state contributions for the employee; and

(E) any other information the trustee determines is necessary to enforce this section.

Revisor's Note

Section 16A(d), V.T.I.C. Article 3.50-4, refers to a requirement to "maintain and retain" certain information. The reference to "retain" is omitted from the revised law because "retain" is included within the meaning of "maintain."

Revised Law

Sec. 1575.255. PROOF OF COMPLIANCE. The board of trustees may:

(1) require an employer to report an application for federal or private money;

(2) require evidence that the application includes a request for funds available to pay state contributions for active employees; and

(3) examine the records of an employer to determine compliance with this subchapter and rules adopted under this subchapter. (V.T.I.C. Art. 3.50-4, Sec. 16A(e).)

Source Law

(e) The trustee may:

(1) require from employers reports of applications for money;

(2) require evidence that the applications include requests for funds available to pay state contributions to the program for active employees paid from the grant; and

(3) examine the records of any employer to determine compliance with this section and rules promulgated under it.

Revised Law

Sec. 1575.256. CRIMINAL OFFENSE: FAILURE OF ADMINISTRATOR TO COMPLY. (a) An administrator of an employer commits an offense if the administrator knowingly fails to comply with this subchapter.

(b) An offense under this section is a Class C misdemeanor. (V.T.I.C. Art. 3.50-4, Secs. 16A(f), (g).)

Source Law

(f) A person commits an offense if the person is an administrator of an employer and knowingly fails to comply with this section.

(g) An offense under Subsection (f) of this section is a Class C misdemeanor.

Revised Law

Sec. 1575.257. CIVIL SANCTIONS FOR FAILURE OF EMPLOYER TO COMPLY. (a) An employer who fails to comply with this subchapter may not apply for or spend any money received from a federal or private grant.

(b) The board of trustees shall report an alleged noncompliance with this subchapter to the attorney general, the Legislative Budget Board, the comptroller, and the governor.

(c) On receipt of a report under Subsection (b), the attorney general shall bring a writ of mandamus against the employer to compel compliance with this subchapter. (V.T.I.C. Art. 3.50-4, Sec. 16A(h).)

Source Law

(h) An employer who fails to comply with this section may not, after the failure, apply for or spend any money from a

federal or private grant. The trustee shall report alleged noncompliance to the attorney general, the Legislative Budget Board, the comptroller of public accounts, and the governor. The attorney general shall bring a writ of mandamus against the employer to compel compliance with this section.

[Sections 1575.258-1575.300 reserved for expansion]

#### SUBCHAPTER G. TEXAS PUBLIC SCHOOL EMPLOYEES GROUP INSURANCE FUND

##### Revised Law

Sec. 1575.301. FUND; ADMINISTRATION. (a) The Texas public school employees group insurance fund is a trust fund with the comptroller, who is custodian of the fund.

(b) The board of trustees shall administer the fund.  
(V.T.I.C. Art. 3.50-4, Sec. 15(a) (part).)

##### Source Law

Sec. 15. (a) The school employees group insurance fund is created. The comptroller is the custodian of the fund, and the trustee shall administer the fund. . . .

##### Revisor's Note

Section 15(a), V.T.I.C. Article 3.50-4, refers to the creation of the "school employees group insurance fund." The revised law refers to the fund as a "trust fund" to accurately describe the fund and for consistency with the description of other, similar funds in this subtitle. In addition, the revised law omits the reference to the creation of the fund because that provision is executed.

##### Revised Law

Sec. 1575.302. PAYMENTS INTO FUND. The following shall be paid into the fund:

- (1) contributions from active employees and the state, including contributions for optional coverages;
- (2) investment income;
- (3) appropriations for implementation of the group program; and
- (4) other money required or authorized to be paid into the fund. (V.T.I.C. Art. 3.50-4, Sec. 15(a) (part).)

##### Source Law

(a) . . . All contributions from active employees, retirees, and the state, contributions for optional coverages, investment income, appropriations for implementation of this program, and other money required or authorized to be paid into the fund shall be paid into the fund. . . .

Revised Law

Sec. 1575.303. PAYMENTS FROM FUND. (a) The following shall, without state fiscal year limitation, be paid from the fund:

- (1) the appropriate premiums to a carrier providing group coverage under a plan under this chapter;
- (2) claims for benefits under the group coverage; and
- (3) money spent by the board of trustees to administer the group program.

(b) The appropriate portion of the contributions to the fund to provide for incurred but unreported claim reserves and contingency reserves, as determined by the board of trustees, shall be retained in the fund. (V.T.I.C. Art. 3.50-4, Sec. 15(a) (part).)

Source Law

(a) . . . From the fund shall be paid, without state fiscal year limitation, the appropriate premiums to the carrier or carriers providing group coverage under the plan or plans under this article, claims for benefits under the group coverage, and the amounts expended by the trustee for administration of the program. The appropriate portion of the contributions to the fund to provide for incurred but unreported claim reserves and contingency reserves, as determined by the trustee, shall be retained in the fund.

Revised Law

Sec. 1575.304. TRANSFER OF CERTAIN CONTRIBUTIONS. The board of trustees shall transfer into the fund the amounts deducted from annuities for contributions. (V.T.I.C. Art. 3.50-4, Sec. 15(b).)

Source Law

(b) The trustee shall transfer the amounts deducted from annuities for contributions into the fund.

Revised Law

Sec. 1575.305. INVESTMENT OF FUND. The board of trustees may invest money in the fund in the manner provided by Subchapter D, Chapter 825, Government Code, for assets of the system. (V.T.I.C. Art. 3.50-4, Sec. 15(d).)

Source Law

(d) The trustee may invest and reinvest the money in the fund as provided by Subchapter D, Chapter 825, Government Code, for assets of the Teacher Retirement System of Texas.

Revisor's Note

Section 15(d), V.T.I.C. Article 3.50-4, refers to the power of the board of trustees to "invest and reinvest" money. The revised law omits "reinvest" because the power to invest includes the power to reinvest.

Revised Law

Sec. 1575.306. EMPLOYEE CONTRIBUTIONS PROPERTY OF FUND ON RECEIPT; NO REFUND. A contribution from an active employee:

(1) is the property of the fund on receipt by the system; and

(2) may not be refunded to the active employee under any circumstances, including termination of employment. (V.T.I.C. Art. 3.50-4, Sec. 16(d).)

Source Law

(d) Contributions from active employees become the property of the fund on receipt by the trustee and may not be refunded to the active employee under any circumstances, including termination of employment.

[Sections 1575.307-1575.350 reserved for expansion]

SUBCHAPTER H. COORDINATED CARE NETWORK

Revised Law

Sec. 1575.351. DEFINITIONS. In this subchapter:

(1) "Credentialing committee" means a credentialing committee created by the board of trustees under Section 1575.354.

(2) "Health care provider" means:

(A) an individual licensed as a health care practitioner; or

(B) a health care facility.

(3) "Network" means the coordinated care network established by the board of trustees under this subchapter.

(V.T.I.C. Art. 3.50-4, Sec. 18C(j); New.)

Source Law

(j) In this section, "health care provider" means an individual licensed as a health care practitioner, or a health care facility.

Revisor's Note

The definitions of "credentialing committee" and "network" are added to the revised law for drafting convenience and to eliminate frequent, unnecessary repetition of the substance of each definition. Related changes necessary to ensure consistent use of terminology have been made throughout this subchapter.

Revised Law

Sec. 1575.352. IMPLEMENTATION AND ADMINISTRATION. The board of trustees may implement and administer a coordinated care network for the group program. (V.T.I.C. Art. 3.50-4, Sec. 18C(a) (part).)

Source Law

Sec. 18C. (a) The trustee may take action as it determines to be necessary to implement and administer a coordinated care network for the program. . . .

Revised Law

Sec. 1575.353. CONTRACTS WITH HEALTH CARE PROVIDERS AND OTHERS. As the board of trustees determines is necessary to implement and administer the network, the board may contract with a health care provider or other individuals or entities. (V.T.I.C. Art. 3.50-4, Secs. 18C(a) (part), (b).)

Source Law

(a) . . . The trustee may contract with health care practitioners or facilities and . . . .

(b) The trustee may contract with additional individuals or entities as the trustee determines to be necessary to implement and administer the network.

Revised Law

Sec. 1575.354. CREDENTIALING COMMITTEES. The board of trustees may establish credentialing committees to evaluate the qualifications of health care providers to participate in the network. (V.T.I.C. Art. 3.50-4, Sec. 18C(a) (part).)

Source Law

(a) . . . The trustee . . . may establish credentialing committees to evaluate the qualifications of those practitioners and facilities.

Revised Law

Sec. 1575.355. IMMUNITY FROM LIABILITY ARISING FROM ACTS OR OMISSIONS OF HEALTH CARE PROVIDER. (a) The following are not liable for damages arising from an act or omission of a health care provider participating in the network:

- (1) the system and its officers and employees, including the board of trustees;
- (2) the group program;
- (3) the fund; and
- (4) a member of an advisory committee to the board of trustees.

(b) A health care provider participating in the network is

an independent contractor and is responsible for the provider's acts or omissions. (V.T.I.C. Art. 3.50-4, Sec. 18C(c).)

Source Law

(c) The trustee, the Texas public school employees group insurance program, the school employees group insurance fund, and the board of trustees, officers, advisory committee members, and employees of the trustee are not liable for damages arising from the acts or omissions of health care providers who are participating health care providers in the coordinated care network established by the trustee. Those health care providers are independent contractors and are responsible for their own acts and omissions.

Revised Law

Sec. 1575.356. IMMUNITY FROM LIABILITY ARISING FROM EVALUATION OF QUALIFICATIONS OR CARE. The following are not liable for damages arising from an act, including a statement, determination, report of an act, or recommendation, committed without malice in the course of the evaluation of the qualifications of a health care provider or of the patient care provided by a health care provider participating in the network:

(1) the system and its officers and employees, including the board of trustees;

(2) the group program;

(3) the fund;

(4) a member of an advisory committee to the board of trustees; and

(5) a member of a credentialing committee. (V.T.I.C. Art. 3.50-4, Sec. 18C(d).)

Source Law

(d) The trustee, the Texas public school employees group insurance program, the school employees group insurance fund, or a member of a credentialing committee, or the board of trustees, officers, advisory committee members, or employees of the trustee are not liable for damages arising from any act, statement, determination, recommendation made, or act reported, without malice, in the course of the evaluation of the qualifications of health care providers or of the patient care rendered by those providers.

Revised Law

Sec. 1575.357. IMMUNITY FROM LIABILITY ARISING FROM ACTS RELATING TO CREDENTIALING COMMITTEE. An individual, a health care provider, or a medical peer review committee is not liable for damages arising from an act committed without malice that consists of:



(1) participating in the activity of a credentialing committee; or

(2) furnishing records, information, or assistance to a credentialing committee. (V.T.I.C. Art. 3.50-4, Sec. 18C(f).)

Source Law

(f) An individual, a health care provider, or a medical peer review committee that, without malice, participates in a credentialing committee activity or furnishes records, information, or assistance to a credentialing committee is not liable for damages arising from that act.

Revised Law

Sec. 1575.358. OPEN MEETINGS LAW NOT APPLICABLE TO CREDENTIALING COMMITTEE. The proceedings of a credentialing committee are not subject to Chapter 551, Government Code. (V.T.I.C. Art. 3.50-4, Sec. 18C(e) (part).)

Source Law

(e) . . . The proceedings of a credentialing committee are not subject to the open meetings law, Chapter 271, Acts of the 60th Legislature, Regular Session, 1967 (Article 6252-17, Vernon's Texas Civil Statutes), and its subsequent amendments. . . .

Revisor's Note

(1) Section 18C(e), V.T.I.C. Article 3.50-4, refers to Chapter 271, Acts of the 60th Legislature, Regular Session, 1967 (Article 6252-17, Vernon's Texas Civil Statutes). That statute was codified in 1993 as Chapter 551, Government Code. The revised law is drafted accordingly.

(2) Section 18C(e), V.T.I.C. Article 3.50-4, refers to a certain state statute "and its subsequent amendments." The revised law omits the quoted language as unnecessary because under Section 311.027, Government Code (Code Construction Act), unless expressly provided otherwise, a reference to a statute applies to all reenactments, revisions, or amendments of the statute.

Revised Law

Sec. 1575.359. RECORDS AND PROCEEDINGS OF CREDENTIALING COMMITTEE NOT SUBJECT TO SUBPOENA. Except to the extent required by the constitution of this state or the United States, the records and proceedings of a credentialing committee and a communication made to a credentialing committee are not subject to court subpoena. (V.T.I.C. Art. 3.50-4, Sec. 18C(e) (part).)

Source Law

(e) . . . Except to the extent required by the

constitution of this state or the United States, the records and proceedings of a credentialing committee and a communication made to a credentialing committee are not subject to court subpoena.

Revised Law

Sec. 1575.360. CONFIDENTIALITY. Except as otherwise provided by this subchapter:

- (1) proceedings and records of a credentialing committee are confidential; and
- (2) a communication made to a credentialing committee is privileged. (V.T.I.C. Art. 3.50-4, Sec. 18C(e) (part).)

Source Law

(e) Except as otherwise provided by this article, all proceedings and records of a credentialing committee are confidential, and all communications made to a credentialing committee are privileged. . . .

Revised Law

Sec. 1575.361. DISCLOSURE TO HEALTH CARE PROVIDER. Disclosure of confidential credentialing committee information that is relevant to the matter under review to an affected health care provider is not a waiver of the confidentiality requirements under this subchapter. (V.T.I.C. Art. 3.50-4, Sec. 18C(g).)

Source Law

(g) Disclosure of confidential credentialing committee information to the affected health care provider that is relevant to the matter under review does not constitute a waiver of the confidentiality requirements imposed under this article.

Revised Law

Sec. 1575.362. DISCLOSURE TO CERTAIN ENTITIES. (a) A written or oral communication made to a credentialing committee, or a record or proceeding of the committee, may be disclosed to an appropriate:

- (1) state or federal agency, including a state board of registration or licensing;
- (2) national accreditation body; or
- (3) medical peer review committee.

(b) A disclosure under this section is not a waiver of the confidential and privileged nature of the information. (V.T.I.C. Art. 3.50-4, Sec. 18C(h).)

Source Law

(h) A written or oral communication made to a credentialing committee, and the records and proceedings of such a committee, may be disclosed to appropriate state or federal agencies,

national accreditation bodies, state boards of registration or licensure, or medical peer review committees. A disclosure under this subsection does not constitute a waiver of the confidential and privileged nature of the information.

Revised Law

Sec. 1575.363. DISCLOSURE TO DEFENDANTS IN CIVIL ACTIONS.

(a) Any of the following persons named as a defendant in any civil action filed as a result of participation in the credentialing process may use, including in the person's own defense, otherwise confidential information obtained for legitimate internal business and professional purposes:

- (1) the system and its officers and employees, including the board of trustees;
- (2) a credentialing committee;
- (3) a person participating in a credentialing review;
- (4) a health care provider;
- (5) the group program; and
- (6) a member of an advisory committee.

(b) Use of information under this section is not a waiver of the confidential and privileged nature of the information.  
(V.T.I.C. Art. 3.50-4, Sec. 18C(i).)

Source Law

(i) A credentialing committee, a person participating in a credentialing review, a health care provider, the trustee, the Texas public school employees group insurance program, or the board of trustees, officers, advisory committee members, or employees of the trustee that are named as defendants in any civil action filed as a result of participation in the credentialing process may use otherwise confidential information obtained for legitimate internal business and professional purposes, including use in their own defense. Use of information under this subsection does not constitute a waiver of the confidential and privileged nature of the information.

[Sections 1575.364-1575.400 reserved for expansion]

SUBCHAPTER I. RETIREES ADVISORY COMMITTEE

Revised Law

Sec. 1575.401. DEFINITION. In this subchapter, "committee" means the Retirees Advisory Committee. (New.)

Revisor's Note

The definition of "committee" is added to the revised law for drafting convenience and to eliminate frequent, unnecessary repetition of the substance of the definition.

Revised Law

Sec. 1575.402. APPOINTMENT OF COMMITTEE MEMBERS. (a) The

Retirees Advisory Committee is composed of the following nine members appointed by the board of trustees:

- (1) one member who is an active school administrator;
- (2) one member who is a retired school administrator;
- (3) two members who are active teachers;
- (4) three members who are retired teachers;
- (5) one member who is an active member of the auxiliary personnel of a school district; and
- (6) one member who is a retired member of the auxiliary personnel of a school district.

(b) A person is not eligible for appointment as a member of the committee if the person is required to register as a lobbyist under Chapter 305, Government Code. (V.T.I.C. Art. 3.50-4, Secs. 6(a), (f).)

#### Source Law

Sec. 6. (a) There is created a Retirees Advisory Committee composed of nine members appointed by the trustee. One member shall be an active school administrator. One member shall be a retired school administrator. Two members shall be active teachers. Three members shall be retired teachers. One member shall be an active member of the auxiliary personnel of a school district. One member shall be a retired member of the auxiliary personnel.

(f) A person is not eligible for appointment as a member of the advisory committee if the person is required to register with the secretary of state under Chapter 422, Acts of the 63rd Legislature, Regular Session, 1973 (Article 6252-9c, Vernon's Texas Civil Statutes).

#### Revisor's Note

(1) Section 6(a), V.T.I.C. Article 3.50-4, refers to the creation of the Retirees Advisory Committee. The revised law omits the reference to the creation of the committee because that provision is executed.

(2) Section 6(f), V.T.I.C. Article 3.50-4, refers to a person "required to register with the secretary of state under Chapter 422, Acts of the 63rd Legislature, Regular Session, 1973 (Article 6252-9c, Vernon's Texas Civil Statutes)." That statute was codified in 1985 as Chapter 305, Government Code. The revised law is drafted accordingly. In addition, the revised law omits the reference to the secretary of state because under Chapter 304, Acts of the 72nd Legislature, Regular Session, 1991, a person formerly required to register with the secretary of state must now register with the Texas Ethics Commission under Chapter 305, Government Code. A reference to the Texas Ethics Commission is unnecessary because Chapter 305, Government Code,

provides for registration only with that agency.

Revised Law

Sec. 1575.403. TERMS. (a) Members of the committee serve staggered four-year terms.

(b) Five members' terms, including the terms of the active school administrator, one active teacher, two retired teachers, and the retired member of the auxiliary personnel, expire February 1, 2002, and every fourth year after that date.

(c) The remaining members' terms expire February 1, 2004, and every fourth year after that date. (V.T.I.C. Art. 3.50-4, Sec. 6(b) (part).)

Source Law

(b) Members of the committee serve for staggered terms of four years. Five members' terms, including the active school administrator, one active teacher, two retired teachers, and the retired member of the auxiliary personnel, expire February 1, 1986, and every fourth year after that date. The remaining members' terms expire February 1, 1988, and every fourth year after that date. . . .

Revised Law

Sec. 1575.404. VACANCY. The board of trustees shall fill a vacancy on the committee by appointing a person who meets the qualifications applicable to the vacated position. (V.T.I.C. Art. 3.50-4, Sec. 6(b) (part).)

Source Law

(b) . . . The trustee shall fill each vacancy on the committee with a person who meets the qualifications of the vacated position.

Revised Law

Sec. 1575.405. MEETINGS. (a) The committee shall meet:

- (1) at least twice each year; and
- (2) at the call of the board of trustees.

(b) If there is an emergency, the committee may meet at the call of a majority of the members of the committee. (V.T.I.C. Art. 3.50-4, Sec. 6(e).)

Source Law

(e) The advisory committee shall meet at least twice per year, and at the call of the trustee. In the event of an emergency, the advisory committee may meet at the call of a majority of the members of the committee.

Revised Law

Sec. 1575.406. DUTIES. The committee shall:

(1) hold public hearings on group coverage;  
(2) recommend to the board of trustees minimum standards and features of a plan under the group program that the committee considers appropriate; and  
(3) recommend to the board of trustees desirable changes in rules and legislation affecting the group program.  
(V.T.I.C. Art. 3.50-4, Sec. 6(c).)

Source Law

(c) The committee shall:  
(1) hold public hearings on group insurance benefits;  
(2) recommend to the trustee minimum standards and features of the plan or plans that it considers appropriate; and  
(3) recommend to the trustee desirable changes in rules and legislation affecting the program.

Revised Law

Sec. 1575.407. PROCEDURAL RULES. The board of trustees shall adopt procedural rules for the committee to follow in implementing its powers and duties under this subchapter.  
(V.T.I.C. Art. 3.50-4, Sec. 6(d).)

Source Law

(d) The trustee shall adopt procedural rules for the committee to follow in carrying out its powers and duties under this section.

Revised Law

Sec. 1575.408. REIMBURSEMENT FOR ACTUAL AND REASONABLE EXPENSES. A committee member is entitled to reimbursement for actual and reasonable expenses incurred in performing functions as a committee member. (V.T.I.C. Art. 3.50-4, Sec. 6(g).)

Source Law

(g) A member of the advisory committee is entitled to reimbursement for actual and reasonable expenses incurred in performing functions as a member of the committee.

[Sections 1575.409-1575.450 reserved for expansion]

SUBCHAPTER J. ACCOUNTING, REPORTS, AND RECORDS

Revised Law

Sec. 1575.451. ANNUAL ACCOUNTING. (a) In this section, "plan year" means the period beginning on September 1 and ending on the following August 31.

(b) Group coverage purchased under this chapter must provide for an accounting to the board of trustees by each carrier providing the coverage.

- (c) The accounting must be submitted:
  - (1) not later than the 90th day after the last day of each plan year; and
  - (2) on a form approved by the board of trustees.
- (d) Each carrier shall prepare any other report that the board of trustees considers necessary.
- (e) A carrier may not assess an extra charge for an accounting report. (V.T.I.C. Art. 3.50-4, Secs. 2(8), 10(b).)

Source Law

Sec. 2. In this article:

(8) "Policy year" or "year" means the period beginning on September 1 of one year and ending on August 31 of the following year.

[Sec. 10]

(b) Insurance coverage purchased under this article shall provide for an accounting to the trustee by each carrier providing coverage not later than the 90th day after the end of each policy year. The accounting shall be on a form approved by the trustee. Other reports shall be prepared by each carrier if considered necessary by the trustee. An extra charge may not be assessed by the carrier for the accounting reports.

Revised Law

Sec. 1575.452. ANNUAL REPORT. Not later than the 180th day after the last day of each state fiscal year, the board of trustees shall submit a written report to the department concerning the group coverages provided to and the benefits and services being received by individuals covered under this chapter. (V.T.I.C. Art. 3.50-4, Sec. 10(a).)

Source Law

Sec. 10. (a) Not later than the 180th day after the end of each state fiscal year, the trustee shall make a written report to the State Board of Insurance concerning the insurance coverages provided and the benefits and services being received by persons insured under this article.

Revised Law

Sec. 1575.453. STUDY AND REPORT BY BOARD OF TRUSTEES. (a) The board of trustees shall study the operation and administration of this chapter, including:

- (1) conducting surveys and preparing reports on financing group coverages and health benefit plans available to participants; and
- (2) studying the experience and projected cost of

coverage.

(b) The board of trustees shall report to the legislature at each regular session on the operation and administration of this chapter. (V.T.I.C. Art. 3.50-4, Sec. 17(a).)

Source Law

Sec. 17. (a) The trustee shall study the operation and administration of this article, including surveys and reports on financing group insurance coverages and health benefits plans available to retirees, and the experience and projected cost of coverage and benefits. The trustee shall make a report to the legislature at each regular legislative session relating to the operation and administration of this article.

Revised Law

Sec. 1575.454. REPORTS BY AND EXAMINATION OF CARRIER. Each contract entered into under this chapter between the board of trustees and a carrier must require the carrier to:

(1) furnish to the board in a timely manner reasonable reports that the board determines are necessary to implement this chapter; and

(2) permit the board and the state auditor to examine records of the carrier as necessary to implement this chapter. (V.T.I.C. Art. 3.50-4, Sec. 17(b).)

Source Law

(b) Each contract entered into under this article shall include provisions requiring carriers to:

(1) furnish to the trustee on a timely basis reasonable reports that the trustee determines are necessary to carry out its functions under this article; and

(2) permit the trustee and State Auditor to examine records of the carriers as may be necessary to carry out this article.

Revised Law

Sec. 1575.455. PUBLIC INSPECTION. A report required by this chapter shall be made available for public inspection in a form that protects the identity of individual claimants. (V.T.I.C. Art. 3.50-4, Sec. 10(c).)

Source Law

(c) All reports required by this article shall be made available for public inspection in a form that protects the identity of individual claimants.

Revised Law

Sec. 1575.456. CONFIDENTIALITY OF RECORDS. (a) Section



825.507, Government Code, applies to information in records in the custody of the system relating to a retiree, active employee, annuitant, or beneficiary under the group program.

(b) The system may disclose to a health or benefit provider information in the records of an individual that the system determines is necessary to administer the group program.

(V.T.I.C. Art. 3.50-4, Sec. 18B.)

Source Law

Sec. 18B. (a) Section 825.507, Government Code, concerning the confidentiality of information in records that are in the custody of the Teacher Retirement System of Texas, applies to information in records that are in the custody of the retirement system regarding retirees, active employees, annuitants, or beneficiaries under the Texas Public School Employees Group Insurance Program.

(b) The retirement system may disclose to health and benefit providers information in the records of an individual that the retirement system determines to be necessary to administer the program.

[Sections 1575.457-1575.500 reserved for expansion]

SUBCHAPTER K. EXPULSION FOR FRAUD

Revised Law

Sec. 1575.501. EXPULSION FOR FRAUD. After notice and hearing as provided by this subchapter, the board of trustees may expel from participation in the group program a retiree, active employee, dependent, surviving spouse, or surviving dependent child who:

(1) submits a fraudulent claim or application for coverage under the group program; or

(2) defrauds or attempts to defraud a health benefit plan offered under the group program. (V.T.I.C. Art. 3.50-4, Sec. 18A(a).)

Source Law

Sec. 18A. (a) After notice and hearing as provided by this section, the trustee may expel from participation in the Texas Public School Employees Group Insurance Program any retiree, active employee, surviving spouse, dependent, or surviving dependent child who submits a fraudulent claim under, or has defrauded or attempted to defraud, any health benefits plan offered under the program.

Revised Law

Sec. 1575.502. HEARING. On receipt of a complaint or on its own motion, the board of trustees may call and hold a hearing to

determine whether an individual has acted in the manner described by Section 1575.501. (V.T.I.C. Art. 3.50-4, Sec. 18A(b).)

Source Law

(b) On its motion or on the receipt of a complaint, the trustee may call and hold a hearing to determine whether a person has submitted a fraudulent claim under, or has defrauded or attempted to defraud, any health benefits plan offered under the Texas Public School Employees Group Insurance Program.

Revised Law

Sec. 1575.503. CONTESTED CASE. A proceeding under this subchapter is a contested case under Chapter 2001, Government Code. (V.T.I.C. Art. 3.50-4, Sec. 18A(c).)

Source Law

(c) A proceeding under this section is a contested case under the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes).

Revisor's Note

Section 18A(c), V.T.I.C. Article 3.50-4, refers to the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes). The relevant part of that statute was codified in 1993 as Chapter 2001, Government Code. The revised law is drafted accordingly.

Revised Law

Sec. 1575.504. EXPULSION AT CONCLUSION OF HEARING. At the conclusion of the hearing under Section 1575.502, if the board of trustees determines that the individual acted in the manner described by Section 1575.501, the board shall expel the individual from participation in the group program. (V.T.I.C. Art. 3.50-4, Sec. 18A(d).)

Source Law

(d) If the trustee, at the conclusion of the hearing, issues a decision that finds that the accused submitted a fraudulent claim or has defrauded or attempted to defraud any health benefits plan offered under the Texas Public School Employees Group Insurance Program, the trustee shall expel the person from participation in the program.

Revised Law

Sec. 1575.505. EFFECT OF EXPULSION. An individual expelled from participation in the group program may not be covered by a health benefit plan offered under the group program for a period determined by the board of trustees, not to exceed five years, beginning on the date the expulsion takes effect. (V.T.I.C.

Art. 3.50-4, Sec. 18A(f).)

Source Law

(f) A person expelled from the Texas Public School Employees Group Insurance Program may not be insured by any health insurance plan offered by the program for a period, to be determined by the trustee, of up to five years from the date the expulsion takes effect.

Revisor's Note

Section 18A(f), V.T.I.C. Article 3.50-4, refers to "any health insurance plan." The revised law substitutes "health benefit plan" for "health insurance plan" because "health benefit plan" is the defined term and it is clear that the legislature intended the provision to apply to all health benefit plans offered.

Revised Law

Sec. 1575.506. APPEAL. An appeal of a determination by the board of trustees under this subchapter is under the substantial evidence rule. (V.T.I.C. Art. 3.50-4, Sec. 18A(e).)

Source Law

(e) The substantial evidence rule shall be used on any appeal of a decision of the trustee under this section.

[Sections 1575.507-1575.800 reserved for expansion]

SUBCHAPTER R. COVERAGE OF ACTIVE EMPLOYEES OF  
PARTICIPATING SCHOOL DISTRICTS

Revised Law

Sec. 1575.801. PARTICIPATION BY PUBLIC SCHOOL DISTRICTS.

(a) A public school district may elect to participate in the group program.

(b) A district that participates in the group program must accept the schedule of costs adopted by the board of trustees.

(c) The sum of premiums and administrative fees received from participating school districts and the active employees of the participating school districts must cover all expenses of school district employee participation in the group program.

(V.T.I.C. Art. 3.50-4, Secs. 7A(a) (part), (c) (part).)

Source Law

Sec. 7A. (a) A public school district may elect to participate in the program provided under this article. A district that elects to participate must accept the schedule of costs adopted by the trustee. . . .

(c) . . . The sum of premiums and administrative fees

received from participating school districts and active employees must cover all expenses of school district employee participation in the program.

Revised Law

Sec. 1575.802. BOARD OF TRUSTEES REGULATION OF PARTICIPATION BY SCHOOL DISTRICTS. (a) The board of trustees by rule shall provide:

(1) eligibility requirements for participation by a school district in the group program;

(2) restrictions on the ability of a school district to begin or discontinue participation in the group program;

(3) administrative fees to be paid by participating school districts to cover the board's administrative costs in extending the group program to active employees; and

(4) requirements to minimize the effects of adverse selection on the group program.

(b) The eligibility requirements under Subsection (a)(1) may include criteria based on size.

(c) The restrictions under Subsection (a)(2) may include:

(1) a minimum period of participation; and

(2) limited periods for elections to begin or discontinue participation. (V.T.I.C. Art. 3.50-4, Sec. 7A(b).)

Source Law

(b) The trustee by rule shall provide:

(1) eligibility requirements for participation by a school district, which may include criteria based on size;

(2) restrictions on the ability of a school district to begin or discontinue participation, which may include a minimum period of participation and limited periods for elections to begin or discontinue participation;

(3) administrative fees to be paid by participating school districts to cover the trustee's administrative costs in extending the program to active employees; and

(4) requirements to minimize the effects of adverse selection on the program.

Revised Law

Sec. 1575.803. PARTICIPATION BY ACTIVE EMPLOYEES AND DEPENDENTS. (a) An active employee of a participating school district may elect to participate in the group program.

(b) A school district may not offer a financial incentive to an active employee for declining to participate in the group program.

(c) An active employee of a participating school district is entitled to obtain coverage for dependents in the same manner as a participating retiree. (V.T.I.C. Art. 3.50-4, Sec. 7A(d).)

Source Law

(d) Participation by an active employee of a participating school district is optional with the employee. A school district may not offer a financial incentive to an active employee for declining to participate in the program. An active employee is entitled to obtain coverage for dependents in the same manner as a participating retiree.

Revised Law

Sec. 1575.804. ALTERNATIVE HEALTH BENEFIT PLAN FOR ACTIVE EMPLOYEES. A school district that participates in the group program may offer an alternative health benefit plan to its active employees during the period of its participation if the board of trustees approves the plan as providing contributions, participation, and a design that are in accordance with sound group benefit underwriting principles. (V.T.I.C. Art. 3.50-4, Sec. 7A(a) (part).)

Source Law

(a) . . . A district may offer an alternative health benefit plan to its active employees during the period of its participation in the program if the trustee approves the plan as providing contributions, participation, and a design that are in accordance with sound group benefit underwriting principles.

Revised Law

Sec. 1575.805. OPTIONAL GROUP COVERAGES FOR ACTIVE EMPLOYEES. (a) The board of trustees shall provide optional group coverages for active employees participating in the group program.

(b) The coverages may be combined with or similar to, but separate from, coverages provided to retirees. (V.T.I.C. Art. 3.50-4, Sec. 7A(c) (part).)

Source Law

(c) The trustee shall provide optional group coverages for active employees participating in the program. The coverages may be combined with or similar to, but separate from, coverages provided to retirees. . . .

Revised Law

Sec. 1575.806. SCHOOL DISTRICT CONTRIBUTION FOR ACTIVE EMPLOYEES. (a) Each participating school district shall contribute for each of its employees covered under the group program an amount equal to at least 75 percent of the cost for the employee only.

(b) The district shall certify to the board of trustees the

amount the district will contribute monthly.

(c) The board of trustees shall determine if the monthly contribution is sufficient to underwrite the plan for the district based on sound group benefit underwriting principles. A determination by the board under this subsection is final.

(d) Each employee covered under the group program shall pay that portion of the cost of coverage selected by the employee that exceeds the amount of the employer contribution. (V.T.I.C. Art. 3.50-4, Secs. 7A(e), (f).)

Source Law

(e) Each participating school district shall contribute for each district employee covered by the program an amount equal to not less than 75 percent of the cost for the employee only of the plans of group coverages authorized by the trustee for active employees. The district shall certify to the trustee the amount the district will contribute monthly toward the cost of coverage. The trustee shall determine if the amount is sufficient to underwrite the plan for the district based on sound group benefit underwriting principles. A determination by the trustee under this subsection is final.

(f) Each employee covered by the program shall pay that portion of the cost of coverage selected by the employee that exceeds the amount of employer contributions.

Revised Law

Sec. 1575.807. ADDITIONAL STATE CONTRIBUTIONS AUTHORIZED. The state may contribute to the fund an amount in addition to the contribution required by Section 1575.202 to assist in the expansion of the group program to active employees of participating school districts. (V.T.I.C. Art. 3.50-4, Sec. 7A(h).)

Source Law

(h) The state may make contributions to the fund in addition to those required by Section 16(b) of this article for the purpose of assisting in the expansion of the program to active employees.

Revisor's Note

(End of Chapter)

(1) Section 7A(g), V.T.I.C. Article 3.50-4, refers to the deposit of certain fees that expired after the 1996-1997 school year. The revised law omits the provision as executed. The omitted law reads:

(g) The trustee shall deposit in the fund all fees collected under Section 44(d), Chapter 812, Acts of the 73rd

Legislature, 1993, except that portion used to conduct the survey required by Section 44. The trustee shall continue to collect the fee through the 1996-1997 school year, after which time the fee expires.

(2) Section 7A(i), V.T.I.C. Article 3.50-4, refers to the enrollment of active school district employees beginning with the 1996-1997 school year. The revised law omits the provision as executed. The omitted law reads:

(i) The trustee shall begin enrollment in the program for active employees to be effective beginning with the 1996-1997 school year.

(3) Section 20, V.T.I.C. Article 3.50-4, provides that coverage under a plan authorized under Article 3.50-4 begins September 1, 1986. The revised law omits the provision as executed. The omitted law reads:

Sec. 20. Coverage under the plan or plans authorized by this article shall begin September 1, 1986.

#### CHAPTER 1576. GROUP LONG-TERM CARE INSURANCE FOR PUBLIC SCHOOL EMPLOYEES

Sec. 1576.001. DEFINITIONS 1855

Sec. 1576.002. ESTABLISHMENT OF PROGRAM 1856

Sec. 1576.003. ADMINISTERING FIRM 1857

Sec. 1576.004. PREMIUMS 1857

Sec. 1576.005. PROGRAM NOT PART OF OTHER GROUP COVERAGES 1857

Sec. 1576.006. RULES 1858

#### CHAPTER 1576. GROUP LONG-TERM CARE INSURANCE FOR PUBLIC SCHOOL EMPLOYEES

##### Revised Law

Sec. 1576.001. DEFINITIONS. In this chapter:

(1) "Active employee" has the meaning assigned by Section 1575.002.

(2) "Board of trustees" means the board of trustees of the Teacher Retirement System of Texas.

(3) "Retiree" has the meaning assigned by Section 1575.004.

(4) "Surviving spouse" has the meaning assigned by Section 1575.003. (V.T.I.C. Art. 3.50-4A, as added by Section 2, Chapter 372, Acts of the 76th Legislature, Regular Session, 1999, Subsec. (a)(2).)

##### Source Law

(2) "Active employee," "retiree," "surviving spouse," and "trustee" have the meanings assigned by Section 2, Article 3.50-4, Insurance Code.

#### Revisor's Note

Subsection (a)(2), V.T.I.C. Article 3.50-4A, as added by Section 2, Chapter 372, Acts of the 76th Legislature, Regular Session, 1999, defines "trustee" for purposes of this chapter as having the meaning assigned by Section 2, V.T.I.C. Article 3.50-4. That section defines "trustee" as meaning the "Teacher Retirement System of Texas." For clarity and convenience, the revised law substitutes "board of trustees" for "trustee" as the defined term, and sets out the text of the definition provided by Section 2, V.T.I.C. Article 3.50-4, instead of a cross-reference to that section. The substitution of "board of trustees" for "trustee" is also made throughout this chapter to reflect the change made in this section.

#### Revised Law

Sec. 1576.002. ESTABLISHMENT OF PROGRAM. (a) The board of trustees may establish a group long-term care insurance program to provide long-term care insurance coverage for:

- (1) an active employee or retiree;
- (2) the spouse of an active employee or retiree, including a surviving spouse;
- (3) a parent or grandparent of an active employee or retiree; and
- (4) a parent of the spouse of an employee or retiree, including a parent of a surviving spouse.

(b) The board of trustees may not implement a group long-term care insurance program unless any cost or administrative burden associated with the development of, implementation of, or communications about the program is incidental. (V.T.I.C. Art. 3.50-4A, as added by Section 2, Chapter 372, Acts of the 76th Legislature, Regular Session, 1999, Subsecs. (b), (c) (part).)

#### Source Law

(b) The trustee may establish a group long-term care insurance program to provide long-term care insurance coverage for:

- (1) an active employee or retiree;
- (2) a spouse of an active employee or retiree, including a surviving spouse;
- (3) a parent or grandparent of an active employee or retiree; and
- (4) the parent of a spouse of an employee or retiree, including the parent of a surviving spouse.

(c) . . . The trustee may not implement the group long-term care insurance program under this section unless any cost or administrative burden associated with the development of, implementation of, or communications about the program is incidental.



Revised Law

Sec. 1576.003. ADMINISTERING FIRM. The board of trustees may select an administering firm to administer the group long-term care insurance program under contract with the board. (V.T.I.C. Art. 3.50-4A, as added by Section 2, Chapter 372, Acts of the 76th Legislature, Regular Session, 1999, Subsec. (c) (part).)

Source Law

(c) The trustee may select an administering firm to administer the program under contract to the trustee. . . .

Revised Law

Sec. 1576.004. PREMIUMS. The administering firm shall bill each program participant directly for premiums and any other program costs. Each participant is responsible for required payments. (V.T.I.C. Art. 3.50-4A, as added by Section 2, Chapter 372, Acts of the 76th Legislature, Regular Session, 1999, Subsec. (c) (part).)

Source Law

(c) . . . The administering firm shall bill each program participant directly for premiums and any other program cost, and the program participant is responsible for the required payment. . . .

Revised Law

Sec. 1576.005. PROGRAM NOT PART OF OTHER GROUP COVERAGES.

(a) The group long-term care insurance program is not part of the group coverages offered under Chapter 1575.

(b) The state may not contribute any part of the premiums for coverage offered under this chapter. (V.T.I.C. Art. 3.50-4A, as added by Section 2, Chapter 372, Acts of the 76th Legislature, Regular Session, 1999, Subsec. (d).)

Source Law

(d) The group long-term care insurance program is not part of the group coverages offered under Article 3.50-4, Insurance Code, and the state may not contribute any part of the premiums for coverage offered under this article.

Revised Law

Sec. 1576.006. RULES. The board of trustees may adopt rules as necessary to implement this chapter, including rules specifying the coverage to be offered under the group long-term care insurance program. (V.T.I.C. Art. 3.50-4A, as added by Section 2, Chapter 372, Acts of the 76th Legislature, Regular Session, 1999, Subsec. (e).)

Source Law

(e) The trustee may adopt rules as necessary to implement this article, including rules specifying the coverage to be offered under the group long-term care insurance program.

Revisor's Note

(End of Chapter)

Subsection (a)(1), V.T.I.C. Article 3.50-4A, as added by Section 2, Chapter 372, Acts of the 76th Legislature, Regular Session, 1999, provides a definition of "administering firm." The revised law omits the definition as unnecessary because the substance of the definition is included in the operative terms of the statute. The omitted law reads:

Art. 3.50-4A. (a) In this article:

(1) "Administering firm" means a firm designated by the trustee to administer the group long-term care insurance program under this article.

CHAPTER 1577. REQUIRED AVAILABILITY OF INSURANCE  
FOR SCHOOL DISTRICT EMPLOYEES AND RETIREES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1577.001. DEFINITIONS 1859

Sec. 1577.002. RULES 1861

[Sections 1577.003-1577.050 reserved for expansion]

SUBCHAPTER B. COVERAGES

Sec. 1577.051. OPTIONAL PERMANENT LIFE INSURANCE 1861

Sec. 1577.052. OPTIONAL LONG-TERM CARE INSURANCE 1861

Sec. 1577.053. OPTIONAL DISABILITY INSURANCE 1862

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Sec. 1577.055. OPEN ENROLLMENT PERIODS 1862

[Sections 1577.056-1577.100 reserved for expansion]

SUBCHAPTER C. AWARD OF CONTRACTS

Sec. 1577.101. CONTRACTS TO PROVIDE COVERAGES 1863

Sec. 1577.102. COMPETITIVE BIDDING REQUIREMENTS; RULES 1863

Sec. 1577.103. CONTRACT AWARD; CONSIDERATIONS 1863

Sec. 1577.104. SELECTION OF CONTRACTORS 1864

[Sections 1577.105-1577.150 reserved for expansion]

SUBCHAPTER D. PREMIUMS

Sec. 1577.151. RESPONSIBILITY FOR PREMIUMS 1865

Sec. 1577.152. PAYMENT OF PREMIUMS 1865

[Sections 1577.153-1577.200 reserved for expansion]

SUBCHAPTER E. SCHOOL DISTRICT EMPLOYEES AND RETIREES  
OPTIONAL INSURANCE TRUST FUND

Sec. 1577.201. DEFINITION 1865

Sec. 1577.202. SCHOOL DISTRICT EMPLOYEES AND RETIREES  
OPTIONAL INSURANCE TRUST FUND;  
ADMINISTRATION 1866

Sec. 1577.203. PAYMENTS INTO FUND 1866

Sec. 1577.204. PAYMENTS FROM FUND 1867

Sec. 1577.205. INVESTMENT OF FUND 1867

CHAPTER 1577. REQUIRED AVAILABILITY OF INSURANCE  
FOR SCHOOL DISTRICT EMPLOYEES AND RETIREES  
SUBCHAPTER A. GENERAL PROVISIONS

Revised Law

Sec. 1577.001. DEFINITIONS. In this chapter:

(1) "Board of trustees" means the board of trustees of the Teacher Retirement System of Texas.

(2) "Employee" means an individual who:

(A) is a participating member of the system; and

(B) does not participate in a group insurance program provided under Chapter 1551 or 1601.

(3) "Retiree" means:

(A) an individual who:

(i) has taken a service retirement under the system with at least 10 years of service credit in the system for service in public schools in this state; and

(ii) is not eligible to participate in a group insurance program provided under Chapter 1551 or 1601; or

(B) an individual who:

(i) has taken a disability retirement under the system and is entitled to receive an annuity from the system based on the individual's service; and

(ii) is not eligible to participate in a group insurance program provided under Chapter 1551 or 1601.

(4) "System" means the Teacher Retirement System of Texas. (V.T.I.C. Art. 3.50-4A, Sec. 1, as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27; New.)

Source Law

Art. 3.50-4A

Sec. 1. In this article:

(1) "Employee" means a person who is a participating member of the Teacher Retirement System of Texas and is not participating in a group insurance program under the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code) or the Texas State College and University Employees Uniform Insurance Benefits Act (Article 3.50-3, Vernon's Texas Insurance Code).

(2) "Retiree" means a person who:

(A) has retired under the Teacher Retirement System of Texas with at least 10 years of credit for service in public schools of this state or has retired under that system for

disability and is entitled to receive an annuity from the system based on the person's service; and

(B) is not eligible to participate in the group insurance program provided under the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code) or the Texas State College and University Employees Uniform Insurance Benefits Act (Article 3.50-3, Vernon's Texas Insurance Code).

(3) "Trustee" means the Teacher Retirement System of Texas.

#### Revisor's Note

(1) Section 1(3), V.T.I.C. Article 3.50-4A, as added by Section 27, Chapter 1540, Acts of the 76th Legislature, Regular Session, 1999, defines "trustee" to mean the "Teacher Retirement System of Texas." For clarity and convenience, the revised law substitutes "board of trustees" for "trustee" as the defined term and refers to the "board of trustees" of the Teacher Retirement System of Texas. The substitution of "board of trustees" for "trustee" is also made throughout this chapter to reflect the change made in this section.

(2) The definition of "system" is added to the revised law for drafting convenience and to eliminate frequent, unnecessary repetition of the substance of the definition.

#### Revised Law

Sec. 1577.002. RULES. The board of trustees may adopt rules necessary to administer this chapter. (V.T.I.C. Art. 3.50-4A, Sec. 3(b), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

#### Source Law

(b) The trustee may adopt other rules necessary to administer the program provided under this article.

[Sections 1577.003-1577.050 reserved for expansion]

### SUBCHAPTER B. COVERAGES

#### Revised Law

Sec. 1577.051. OPTIONAL PERMANENT LIFE INSURANCE. The board of trustees shall offer employees and retirees optional permanent life insurance coverage. (V.T.I.C. Art. 3.50-4A, Sec. 2(a) (part), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

#### Source Law

Sec. 2. (a) The trustee shall [contract with one or more carriers authorized to provide life insurance in this state to] offer employees and retirees optional permanent life insurance coverage.

Revised Law

Sec. 1577.052. OPTIONAL LONG-TERM CARE INSURANCE. (a) The board of trustees shall offer employees and retirees optional long-term care insurance coverage.

(b) The long-term care insurance must provide coverage for home, community, and institutional care. (V.T.I.C. Art. 3.50-4A, Sec. 2(b) (part), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

(b) The trustee shall [contract with one or more carriers authorized to provide long-term care insurance in this state to offer] employees and retirees optional long-term care insurance coverage. The long-term care insurance coverage shall include home, community, and institutional care.

Revised Law

Sec. 1577.053. OPTIONAL DISABILITY INSURANCE. The board of trustees shall offer employees optional insurance coverage against short-term or long-term loss of salary because of disability. (V.T.I.C. Art. 3.50-4A, Sec. 2(c) (part), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

(c) The trustee shall [contract with one or more carriers authorized to provide disability insurance in this state to offer] employees optional insurance against short-term or long-term loss of salary because of disability.

Revised Law

Sec. 1577.054. AVAILABILITY OF COVERAGE. The board of trustees shall offer the insurance coverages provided under this chapter to:

- (1) employees through their employers; and
- (2) retirees through the board's administration of the system. (V.T.I.C. Art. 3.50-4A, Sec. 4(a), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

Sec. 4. (a) The trustee shall offer the coverages provided under this article to employees through their employers and to retirees through the trustee's administration of the retirement system.

Revised Law

Sec. 1577.055. OPEN ENROLLMENT PERIODS. Insurance coverages provided under this chapter shall be made available periodically during open enrollment periods as determined by the board of

trustees. (V.T.I.C. Art. 3.50-4A, Sec. 2(e), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

(e) Insurance coverage provided under this section shall be made available periodically during open enrollment periods determined by the trustee.

[Sections 1577.056-1577.100 reserved for expansion]

SUBCHAPTER C. AWARD OF CONTRACTS

Revised Law

Sec. 1577.101. CONTRACTS TO PROVIDE COVERAGES. The board of trustees shall contract with one or more carriers authorized to provide the applicable type of insurance to provide each type of coverage required by Subchapter B. (V.T.I.C. Art. 3.50-4A, Secs. 2(a), (b) (part), (c), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

Sec. 2. (a) The trustee shall contract with one or more carriers authorized to provide life insurance in this state to offer employees and retirees optional permanent life insurance coverage.

(b) The trustee shall contract with one or more carriers authorized to provide long-term care insurance in this state to offer employees and retirees optional long-term care insurance coverage. . . .

(c) The trustee shall contract with one or more carriers authorized to provide disability insurance in this state to offer employees optional insurance against short-term or long-term loss of salary because of disability.

Revised Law

Sec. 1577.102. COMPETITIVE BIDDING REQUIREMENTS; RULES. (a) A contract to provide benefits under this chapter may be awarded only through competitive bidding under rules adopted by the board of trustees.

(b) The rules may provide criteria for determining whether a carrier is qualified. (V.T.I.C. Art. 3.50-4A, Sec. 2(d) (part), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

(d) In contracting for any benefits under this article, competitive bidding shall be required under rules adopted by the trustee. The rules may provide criteria to determine qualified carriers. . . .

Revised Law

Sec. 1577.103. CONTRACT AWARD; CONSIDERATIONS. (a) In awarding a contract under this chapter, the board of trustees is not required to select the lowest bid and may consider any relevant criteria, including a bidder's:

- (1) ability to service contracts;
- (2) past experiences; and
- (3) financial stability.

(b) If the board of trustees awards a contract to a bidder whose bid deviates from that advertised, the board shall record the deviation and fully justify the reason for the deviation in the minutes of the next board meeting. (V.T.I.C. Art. 3.50-4A, Sec. 2(d) (part), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

(d) . . . The trustee is not required to select the lowest bid but also may consider ability to service contracts, past experiences, financial stability, and other relevant criteria. If the trustee awards a contract to an entity whose bid deviates from that advertised, the deviation shall be recorded and the reasons for the deviation shall be fully justified in the minutes of the next meeting of the trustee.

Revised Law

Sec. 1577.104. SELECTION OF CONTRACTORS. (a) The board of trustees shall adopt rules for the selection of contractors under this chapter.

(b) The rules must require a contractor to:

- (1) administer enrollment, adjudicate claims, and coordinate services under the insurance coverage; and
- (2) account for premiums collected and disbursed under the insurance coverage. (V.T.I.C. Art. 3.50-4A, Sec. 3(a), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

Sec. 3. (a) The trustee shall adopt rules for the selection of contractors under this article. The rules must require the contractors to administer enrollment, adjudication of claims, and coordination of services under the insurance coverages and require the contractors to account for premiums collected and disbursed under the coverages.

[Sections 1577.105-1577.150 reserved for expansion]

SUBCHAPTER D. PREMIUMS

Revised Law

Sec. 1577.151. RESPONSIBILITY FOR PREMIUMS. The

participants in a plan of insurance coverage provided under this chapter are responsible for the full cost of premiums. (V.T.I.C. Art. 3.50-4A, Sec. 4(b), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

(b) The full cost of premiums in a plan of insurance coverage provided under this article is the responsibility of the enrollees.

Revised Law

Sec. 1577.152. PAYMENT OF PREMIUMS. (a) An employee participating in a plan of insurance coverage provided under this chapter shall pay premiums by payroll deduction remitted by the employee's employer at the times and in the manner determined by the board of trustees.

(b) A retiree participating in a plan of insurance coverage provided under this chapter shall pay premiums by deduction from the retiree's monthly retirement annuity. (V.T.I.C. Art. 3.50-4A, Secs. 4(c), (d), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

(c) An employee participating in a plan of insurance coverage provided under this article shall pay premiums by payroll deduction remitted by the employee's employer at the times and in the manner provided by the trustee.

(d) A retiree participating in a plan of insurance coverage provided under this article shall pay premiums by deduction from the retiree's monthly retirement annuity.

[Sections 1577.153-1577.200 reserved for expansion]

SUBCHAPTER E. SCHOOL DISTRICT EMPLOYEES AND RETIREES  
OPTIONAL INSURANCE TRUST FUND

Revised Law

Sec. 1577.201. DEFINITION. In this subchapter, "fund" means the school district employees and retirees optional insurance trust fund. (New.)

Revisor's Note

The definition of "fund" is added to the revised law for drafting convenience and to eliminate frequent, unnecessary repetition of the substance of the definition.

Revised Law

Sec. 1577.202. SCHOOL DISTRICT EMPLOYEES AND RETIREES  
OPTIONAL INSURANCE TRUST FUND; ADMINISTRATION. (a) The school district employees and retirees optional insurance trust fund is a trust fund with the comptroller.



(b) The board of trustees shall administer the fund on behalf of the participants in the plans of insurance coverage provided under this chapter. (V.T.I.C. Art. 3.50-4A, Sec. 5(a), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

Sec. 5. (a) The school district employees and retirees optional insurance trust fund is created as a trust fund with the comptroller and shall be administered by the trustee on behalf of the participants in the plans of insurance coverage provided under this article.

Revisor's Note

Section 5(a), V.T.I.C. Article 3.50-4A, as added by Section 27, Chapter 1540, Acts of the 76th Legislature, Regular Session, 1999, states that the school district employees and retirees optional insurance trust fund "is created." The revised law omits the reference to the creation of the fund because that provision is executed.

Revised Law

Sec. 1577.203. PAYMENTS INTO FUND. The following shall be credited to the fund:

(1) premiums from participants in plans of insurance coverage provided under this chapter;

(2) money recovered under contracts for providing insurance coverage under this chapter; and

(3) investment and depository income of the fund.  
(V.T.I.C. Art. 3.50-4A, Sec. 5(b), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

(b) Premiums paid by enrollees, amounts recovered under contracts for the implementation of the program provided by this article, and investment and depository income of the fund shall be credited to the fund.

Revised Law

Sec. 1577.204. PAYMENTS FROM FUND. Money in the fund may be used only to provide insurance coverage under this chapter, including the payment of administration expenses. (V.T.I.C. Art. 3.50-4A, Sec. 5(c), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

(c) Money in the fund may be used only for the purpose of providing the program of insurance coverage provided under this article, including the expenses of administering the program.

Revised Law

Sec. 1577.205. INVESTMENT OF FUND. The board of trustees may invest the fund in the manner provided by Section 67(a)(3), Article XVI, Texas Constitution. (V.T.I.C. Art. 3.50-4A, Sec. 5(d), as added Acts 76th Leg., R.S., Ch. 1540, Sec. 27.)

Source Law

(d) The trustee may invest the fund in the manner provided by Section 67(a)(3), Article XVI, Texas Constitution.

CHAPTER 1578. PURCHASE OF INSURANCE BY ASSOCIATION OF  
TEACHERS AND SCHOOL ADMINISTRATORS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1578.001. APPLICABILITY OF CHAPTER 1868

Sec. 1578.002. AUTHORITY TO ISSUE 1868

[Sections 1578.003-1578.050 reserved for expansion]

SUBCHAPTER B. PURCHASE OF INSURANCE

Sec. 1578.051. AUTHORITY TO OBTAIN INSURANCE 1868

Sec. 1578.052. PAYMENT OF PREMIUM 1869

Sec. 1578.053. MINIMUM REQUIREMENTS TO OBTAIN POLICY 1869

Sec. 1578.054. AMOUNT OF INSURANCE 1870

CHAPTER 1578. PURCHASE OF INSURANCE BY ASSOCIATION OF  
TEACHERS AND SCHOOL ADMINISTRATORS

SUBCHAPTER A. GENERAL PROVISIONS

Revised Law

Sec. 1578.001. APPLICABILITY OF CHAPTER. This chapter applies only to a voluntary association that is:

(1) composed of teachers or school administrators of public or private primary or secondary schools, colleges, or universities; and

(2) incorporated under federal law or a law of this state on a nonprofit membership basis. (V.T.I.C. Art. 3.51-3 (part).)

Source Law

Art. 3.51-3. Any voluntary association of school administrators and/or teachers in public and/or private schools, colleges or universities, which association is organized on a non-profit membership basis and is incorporated under the laws of the United States or of this state, . . . .

Revised Law

Sec. 1578.002. AUTHORITY TO ISSUE. Notwithstanding any other law, an insurance company authorized to engage in the business of insurance in this state may issue a group policy to a voluntary association in accordance with this chapter. (V.T.I.C. Art. 3.51-3 (part).)

Source Law

Art. 3.51-3. . . . any insurance company authorized to do business in this state is hereby authorized to issue such policies to any such association under the terms and conditions set out in this Act, any contrary or inconsistent provisions in any other statute notwithstanding. . . .

[Sections 1578.003-1578.050 reserved for expansion]

SUBCHAPTER B. PURCHASE OF INSURANCE

Revised Law

Sec. 1578.051. AUTHORITY TO OBTAIN INSURANCE. (a) A voluntary association may obtain for any class of the association's membership and for the class's dependents a group policy of:

- (1) life insurance;
- (2) health insurance;
- (3) accident insurance;
- (4) accidental death or dismemberment insurance; or
- (5) hospital, surgical, or medical expense insurance.

(b) The association may obtain a separate policy for each type of insurance listed under Subsection (a).

(c) The association is the policyholder. (V.T.I.C. Art. 3.51-3 (part).)

Source Law

Art. 3.51-3. [Any voluntary association] . . . is hereby authorized to procure contracts of insurance covering any class or classes of its membership and their dependents under a policy or policies of group life, health, accident, accidental death or dismemberment, and hospital, surgical and/or medical expense insurance; and . . . . Separate policies may be obtained for one or more of the aforementioned risks, and the association shall be deemed the policyholder. . . .

Revised Law

Sec. 1578.052. PAYMENT OF PREMIUM. A voluntary association that obtains a group policy under this chapter shall pay the premium for the policy wholly or partly from money:

- (1) contributed by the association; or
- (2) contributed by the insured association members for that purpose. (V.T.I.C. Art. 3.51-3 (part).)

Source Law

Art. 3.51-3. . . . The premium for the policy shall be paid by the policyholder either wholly or partly from the association's funds, or partly from such funds and partly from

funds contributed by insured members, or from funds wholly contributed by the insured members. . . .

Revised Law

Sec. 1578.053. MINIMUM REQUIREMENTS TO OBTAIN POLICY. (a) A voluntary association may obtain a group policy under this chapter only if the policy will cover at least 25 association members on the date of issue.

(b) If the premium for the group policy is paid wholly or partly from money contributed by association members for that purpose, the policy on the date of issue must cover at least the lesser of 75 percent of the eligible members or 400 members, excluding any member whose evidence of individual insurability is not satisfactory to the insurer, who elect to make the required contributions and to be insured under the policy. (V.T.I.C. Art. 3.51-3 (part).)

Source Law

Art. 3.51-3. . . . The policy must cover at least twenty-five members at date of issue, and if any part or all of the premiums are to be derived from funds contributed by the insured members specifically for their insurance, the policy may be placed in force only if at least seventy-five per centum (75%) of the then eligible members or a minimum of four hundred members (whichever is less, and excluding any as to whom evidence of individual insurability is not satisfactory to the insurer) elect to make the required contributions and become insured thereunder. . . .

Revised Law

Sec. 1578.054. AMOUNT OF INSURANCE. The amount of insurance under a policy issued under this chapter must be based on a plan that precludes individual selection by the voluntary association or an insured association member. (V.T.I.C. Art. 3.51-3 (part).)

Source Law

Art. 3.51-3. . . . The amounts of insurance under the policy must be based on some plan precluding individual selection either by the insured members or by the association.

[Chapters 1579-1600 reserved for expansion]

CHAPTER 1601. UNIFORM INSURANCE BENEFITS ACT  
FOR EMPLOYEES OF THE UNIVERSITY OF TEXAS SYSTEM  
AND THE TEXAS A&M UNIVERSITY SYSTEM  
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1601.001. SHORT TITLE 1873

Sec. 1601.002. PURPOSES 1873

Sec. 1601.003. GENERAL DEFINITIONS 1875  
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[Sections 1601.011-1601.050 reserved for expansion]

#### SUBCHAPTER B. ADMINISTRATION AND IMPLEMENTATION

Sec. 1601.051. ADMINISTRATION AND IMPLEMENTATION 1882  
Sec. 1601.052. RULEMAKING AUTHORITY 1882  
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COSTS IN BIDS 1884  
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Sec. 1601.060. ACCOUNTING BY CARRIER PROVIDING  
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#### SUBCHAPTER C. COVERAGE AND PARTICIPATION

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SPOUSES 1894  
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#### SUBCHAPTER D. GROUP COVERAGES

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- Sec. 1601.153. SYSTEMS MAY JOIN IN PROCURING  
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- SUBCHAPTER E. PAYMENTS, CONTRIBUTIONS, AND COSTS
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CAFETERIA PLAN 1903
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- [Sections 1601.211-1601.250 reserved for expansion]
- SUBCHAPTER F. CAFETERIA PLAN FUND
- Sec. 1601.251. SYSTEM CAFETERIA PLAN FUND 1907
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- SUBCHAPTER G. ADVISORY COMMITTEE
- Sec. 1601.301. ADVISORY COMMITTEE 1909
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CHAPTER 1601. UNIFORM INSURANCE BENEFITS ACT  
FOR EMPLOYEES OF THE UNIVERSITY OF TEXAS SYSTEM  
AND THE TEXAS A&M UNIVERSITY SYSTEM  
SUBCHAPTER A. GENERAL PROVISIONS

Revised Law

Sec. 1601.001. SHORT TITLE. This chapter may be cited as the State University Employees Uniform Insurance Benefits Act. (V.T.I.C. Art. 3.50-3, Sec. 1.)

Source Law

Art. 3.50-3

Sec. 1. This Act shall be known and may be cited as the "Texas State College and University Employees Uniform Insurance Benefits Act."

Revisor's Note

Section 1, V.T.I.C. Article 3.50-3, provides that the title of the article is the "Texas State College and University Employees Uniform Insurance Benefits Act." The revised law omits the reference to "College" because none of the institutions to which the article applies are colleges.

Revised Law

Sec. 1601.002. PURPOSES. The purposes of this chapter are to:

(1) provide uniformity in the basic group life, accident, and health benefit coverages for all system employees;

(2) enable the systems to attract and retain competent and able employees by providing employees with basic life, accident, and health benefit coverages comparable to those commonly provided in private industry and to employees of a state agency other than a system, including a public college or university whose employees are covered under Chapter 1551;

(3) foster, promote, and encourage employment by and service to the systems as a career profession for individuals of high standards of competence and ability;

(4) recognize and protect the investment of the systems in each employee by promoting and preserving economic security and good health among employees;

(5) foster and develop high standards of employer-employee relationships between the systems and their employees; and

(6) recognize the long and faithful service and dedication of employees and encourage them to remain in service until eligible for retirement by providing health benefits and other group benefits for them. (V.T.I.C. Art. 3.50-3, Sec. 2.)

Source Law

Sec. 2. It is hereby declared that the policy and purposes of this Act are:

(a) to provide uniformity in the basic group life, accident, and health insurance coverages for all employees of Texas institutions;

(b) to enable Texas institutions to attract and retain competent and able employees by providing them with basic life, accident, and health insurance coverages comparable to those commonly provided in private industry and those provided employees of other agencies of the State of Texas and Texas public colleges and universities under the Texas Employees Uniform Group Insurance Benefits Act;

(c) to foster, promote, and encourage employment by and service to the institutions of Texas as a career profession for persons of high standards of competence and ability;

(d) to recognize and protect the investment of the

Texas institutions in each employee by promoting and preserving economic security and good health among employees of the Texas institutions;

(e) to foster and develop high standards of employer-employee relationships between the Texas institutions and their employees; and

(f) to recognize the long and faithful service and dedication of employees of the Texas institutions and to encourage them to remain in service until eligible for retirement by providing health insurance and other group insurance benefits for such employees.

#### Revisor's Note

Section 2, V.T.I.C. Article 3.50-3, refers to "insurance coverages." It is clear that the language is intended to encompass any of the group coverages offered through the uniform program, including health benefit plans that may be offered by a health maintenance organization as provided by Section 4(b)(4)(D), V.T.I.C. Article 3.50-3, revised in this chapter as Section 1601.058. Some of the coverage provided may not be insurance coverage. For example, coverage offered by a health maintenance organization is not insurance coverage. As a result, throughout this chapter the revised law omits the reference to "insurance" in this context.

#### Revised Law

Sec. 1601.003. GENERAL DEFINITIONS. In this chapter:

(1) "Administering carrier" means a carrier or organization that is:

(A) qualified to engage in business in this state; and

(B) designated by a system to administer services, benefits, insurance coverages, or requirements in accordance with this chapter.

(2) "Basic coverage" means coverage, including health benefit coverage, that meets the basic coverage standards required under Section 1601.053(a)(1).

(3) "Cafeteria plan" means a plan defined and authorized by Section 125, Internal Revenue Code of 1986.

(4) "Group life, accident, or health benefit plan" means a group agreement, policy, contract, or arrangement provided by an administering carrier, including:

(A) a group insurance policy or contract;

(B) a life, accident, medical, dental, or hospital service agreement;

(C) a membership or subscription contract; or

(D) any other similar group arrangement.

(5) "Optional coverage" means group coverage other than the basic coverage.



(6) "Service" means personal service to a system for which an employee is credited in accordance with rules adopted by the system.

(7) "System" means The University of Texas System or The Texas A&M University System.

(8) "The Texas A&M University System" means the entities governed under Chapters 85 through 88, Education Code, including the Texas Veterinary Diagnostic Laboratory.

(9) "The University of Texas System" means the entities listed or described by Section 65.02, Education Code.

(10) "Uniform program" means an employees uniform insurance benefits program provided under this chapter. (V.T.I.C. Art. 3.50-3, Secs. 3(a)(1), (5), (6), (7), (11), (14), (15), (17), (18), (19) (as amended Acts 76th Leg., R.S., Ch. 1057); New.)

Source Law

(1) "Administering carrier" shall mean any carrier or organization, qualified to do business in Texas, designated by an institution to administer any services, benefits, insurance coverages, or requirements in accordance with this Act.

(5) "Employer" shall mean the institutions defined in Subdivision (7) of this section.

(6) "Group life, accident, or health insurance plan" shall mean any group insurance policy or contract, life, accident, medical, dental, or hospital service agreement, membership or subscription contract, or similar group arrangement provided by an administering carrier.

(7) "Institution" shall mean The University of Texas System or The Texas A&M University System.

(11) "Service" shall mean any personal services of any employee creditable in accordance with rules and regulations promulgated by the institution.

(14) "Cafeteria plan" means a plan as defined and authorized by Section 125, Internal Revenue Code of 1986 (26 U.S.C. Sec. 125).

(15) "The University of Texas System" means the entities listed or described in Section 65.02, Education Code.

(17) "The Texas A&M University System" means the entities governed under Chapters 85 through 88, Education Code, and includes the Texas Veterinary Diagnostic Laboratory.

(18) "Basic coverage" means health insurance coverage and other coverages that meet the basic coverage standards established under Section 4(b)(1) of this Act.

(19) "Optional coverage" means group coverages other than basic coverage.

#### Revisor's Note

(1) Sections 3(a)(5) and (7), V.T.I.C. Article 3.50-3, provide the definitions of "employer" and "institution." The revised law substitutes "system" for both "employer" and "institution" for clarity and to avoid confusion with the term "institution of higher education," which is used throughout the chapter.

(2) Section 3(a)(11), V.T.I.C. Article 3.50-3, refers to "rules and regulations." Throughout this chapter, the reference to "regulations" is omitted from the revised law when used in conjunction with "rules" because under Section 311.005(5), Government Code (Code Construction Act), a rule is defined to include a regulation. That definition applies to the revised law.

(3) The definition of "uniform program" is added to the revised law for drafting convenience and to eliminate frequent, unnecessary repetition of the substance of the definition.

#### Revised Law

Sec. 1601.004. DEFINITION OF DEPENDENT. (a) In this chapter, "dependent," with respect to an individual eligible to participate in the uniform program under Section 1601.101 or 1601.102, means the individual's:

- (1) spouse;
- (2) unmarried child younger than 25 years of age; and
- (3) child of any age who lives with or has the child's care provided by the individual on a regular basis if the child is mentally retarded or physically incapacitated to the extent that the child is dependent on the individual for care or support, as determined by the system.

(b) In this section:

- (1) "Child" includes:
  - (A) an adopted child; and
  - (B) a stepchild, foster child, or other child who is in a parent-child relationship with an individual who is eligible to participate in the uniform program under Section 1601.101 or 1601.102.

(2) "Spouse" has the meaning assigned by the Family Code. (V.T.I.C. Art. 3.50-3, Sec. 3(a)(8).)

#### Source Law

(8) "Dependent" shall mean the spouse, as defined in the Texas Family Code, of an employee or retired employee, and an unmarried child under 25 years of age including: (A) an adopted child, (B) a stepchild, foster child, or other child who is in a regular parent-child relationship, (C) any such child, regardless

of age, who lives with or whose care is provided by an employee or retired employee on a regular basis, if such child is mentally retarded or physically incapacitated to such an extent as to be dependent upon the employee or retired employee for care or support, as the institution shall determine.

#### Revisor's Note

Section 3(a)(8), V.T.I.C. Article 3.50-3, refers to an "employee" and "retired employee." Throughout this chapter, the revised law substitutes "individual eligible to participate in the uniform program under Section 1601.101 or 1601.102" for those terms because Sections 1601.101 and 1601.102 of this chapter delineate participation eligibility requirements for employees and retired employees.

#### Revised Law

Sec. 1601.005. DEFINITION OF CARRIER. In this chapter, "carrier" means:

(1) an insurance company that is authorized by the department to provide under this code any of the types of insurance coverages, benefits, or services provided for in this chapter, and that:

(A) has an adequate surplus;

(B) has a successful operating history; and

(C) has had successful experience, as determined by the department, in providing and servicing any of the types of group coverage provided for in this chapter;

(2) a corporation operating under Chapter 842 that provides any of the types of coverage, benefits, or services provided for in this chapter and that:

(A) has a successful operating history; and

(B) has had successful experience, as determined by the department, in providing and servicing any of the types of group coverage provided for in this chapter; or

(3) any combination of carriers described by Subdivisions (1) and (2) on terms the system prescribes.

(V.T.I.C. Art. 3.50-3, Secs. 3(a)(3), (10) (part).)

#### Source Law

(3) "Carrier" shall mean a qualified carrier as defined in this Act.

(10) "Qualified carrier" shall mean:

(A) any insurance company authorized to do business in this state by the Texas Department of Insurance to provide any of the types of insurance coverages, benefits, or services provided for in this Act under any of the insurance laws of the State of Texas, which has an adequate surplus, a successful operating history, and which has had successful

experience in providing and servicing any of the types of group coverage provided for in this Act as determined by the Texas Department of Insurance;

(B) any corporation operating under Chapter 20 of the Texas Insurance Code which provides any of the types of coverage, benefits, or services provided for in this Act, which has a successful operating history, and which has had successful experience in providing and servicing any of the types of group coverage provided for in this Act as determined by the Texas Department of Insurance; or

(C) any combination of carriers as herein defined, upon such terms and conditions as may be prescribed by the institution; . . . .

#### Revisor's Note

Section 3(a)(10)(C), V.T.I.C. Article 3.50-3, refers to the "terms and conditions" the system may prescribe. The reference to "conditions" is omitted from the revised law because "conditions" is included in the meaning of "terms."

#### Revised Law

Sec. 1601.006. APPLICABILITY OF DEFINITIONS. The definition of a term defined by this subchapter and the use of the terms "employee" and "retired employee" as described by Sections 1601.101 and 1601.102 apply to this chapter unless a different meaning is plainly required by the context in which the term appears. (V.T.I.C. Art. 3.50-3, Sec. 3(a) (part).)

#### Source Law

Sec. 3. (a) Unless a different meaning is plainly required by the context, the following words and phrases as used in this Act shall have the following meanings:

. . . .

#### Revised Law

Sec. 1601.007. SYSTEM MAY DEFINE OTHER WORDS. A system may define by rule a word or term necessary in the administration of this chapter. (V.T.I.C. Art. 3.50-3, Sec. 3(b).)

#### Source Law

(b) In addition to the foregoing definitions, the institution shall have authority to define by rule any words and terms necessary in the administration of this Act.

#### Revised Law

Sec. 1601.008. EXEMPTION FROM EXECUTION. All insurance benefits and other payments and transactions made under this chapter to a participant under this chapter are exempt from execution, attachment, garnishment, or any other process.

(V.T.I.C. Art. 3.50-3, Sec. 9(a).)

Source Law

Sec. 9. (a) All insurance benefits and other payments and transactions made pursuant to the provisions of this Act to any employee or retired employee covered under the provisions of this Act shall be exempt from execution, attachment, garnishment, or any other process whatsoever.

Revised Law

Sec. 1601.009. EXEMPTION FROM TAXATION AND FEES. Premiums on a policy, an insurance contract, or an agreement established under this chapter with a health maintenance organization are not subject to any state tax, regulatory fee, or surcharge, including a premium or maintenance tax or fee. (V.T.I.C. Art. 3.50-3, Sec. 9(b).)

Source Law

(b) Premiums on policies, insurance contracts, or agreements with health maintenance organizations established under this Act are not subject to any state tax, regulatory fee, or surcharge, including premium or maintenance taxes or fees.

Revised Law

Sec. 1601.010. CERTAIN COMBINING OF CARRIERS NOT RESTRAINT OF TRADE. Carriers combining to bid, underwrite, or both bid and underwrite, a group life, accident, or health benefit plan for the uniform program are not in violation of Chapter 15, Business & Commerce Code. (V.T.I.C. Art. 3.50-3, Sec. 3(a)(10) (part).)

Source Law

[(10)]

(C) . . . provided, however, that for purposes of this Act carriers combining for the purpose of bidding and/or underwriting this program shall not be considered in violation of Chapter 15, Business & Commerce Code.

Revisor's Note

(End of Subchapter)

Section 3(a)(9), V.T.I.C. Article 3.50-3, defines "[p]resident." Section 3(a)(12), V.T.I.C. Article 3.50-3, defines "[a]ctive employee plan." Section 3(a)(13), V.T.I.C. Article 3.50-3, defines "[r]etired employee plan." The revised law omits these definitions because the defined terms are not used in the source law for this chapter or in the revision. The omitted definitions read:

(9) "President" shall mean the duly authorized chief

official of any institution covered under the provisions of this Act or such other official as may be designated by a governing board to carry out the provisions of this Act.

(12) "Active employee plan" shall mean a plan or program of group life, accident, or health insurance for active employees as determined by the institution as provided in this Act.

(13) "Retired employee plan" shall mean a plan or program of group insurance as determined by the institution as defined in this Act for all retired employees as defined in this Act.

[Sections 1601.011-1601.050 reserved for expansion]

#### SUBCHAPTER B. ADMINISTRATION AND IMPLEMENTATION

##### Revised Law

Sec. 1601.051. ADMINISTRATION AND IMPLEMENTATION. A system shall:

(1) implement a uniform program for the benefit of its employees and retired employees; and

(2) determine basic procedural and administrative practices for insurance coverage provided under this chapter.

(V.T.I.C. Art. 3.50-3, Secs. 4(a) (part), (b) (part).)

##### Source Law

Sec. 4. (a) . . . Each institution shall implement the program for the benefit of its employees and retired employees.

(b) Each institution shall:

. . .

(3) determine basic procedural and administrative practices for insurance coverages to be provided under the provisions of this Act.

. . .

##### Revisor's Note

Section 4(a), V.T.I.C. Article 3.50-3, refers to the creation of the "Texas State College and University Employees Uniform Insurance Benefits Program." The revised law omits the reference to the creation of the program because that provision is executed. The omitted law reads:

(a) A Texas State College and University Employees Uniform Insurance Benefits Program is hereby created. . . .

##### Revised Law

Sec. 1601.052. RULEMAKING AUTHORITY. A system shall adopt rules consistent with this chapter as it considers necessary to

implement this chapter and its purposes. (V.T.I.C. Art. 3.50-3, Sec. 4(b) (part).)

Source Law

(b) Each institution shall:

. . . .

(5) adopt rules and regulations consistent with the provisions of this Act and its purpose as it deems necessary to carry out the statutory responsibilities.

. . . .

Revised Law

Sec. 1601.053. GENERAL DUTIES RELATING TO COVERAGE. (a) A system shall:

(1) determine basic coverage standards that must be comparable to those commonly provided:

(A) in private industry; and

(B) to employees of another agency or an institution of higher education in this state under Chapter 1551; and

(2) establish procedures to allow each covered employee and retired employee to obtain prompt action regarding claims pertaining to coverages provided under this chapter.

(b) In designing a coverage plan, a system may consider existing local conditions. (V.T.I.C. Art. 3.50-3, Sec. 4(b) (part).)

Source Law

(b) Each institution shall:

(1) determine basic coverage standards which shall be comparable to those commonly provided in private industry and those provided employees of other agencies and institutions of higher education of the State of Texas under the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code). The institution may design a plan around existing local conditions.

. . . .

(6) establish procedures to allow each covered employee and retired employee to obtain prompt action regarding claims pertaining to insurance provided under this Act.

Revised Law

Sec. 1601.054. COMPETITIVE BIDDING REQUIRED. A system shall submit the uniform program, including any agreement under which a carrier is engaged to administer a self-insured program, for competitive bidding at least every six years. (V.T.I.C. Art. 3.50-3, Sec. 4(b) (part).)

Source Law

[(b) Each institution shall:]

. . .

(4) submit its program, including any agreement under which a firm is engaged to administer a self-insured program, to competitive bidding at least once every six years. . . .

Revised Law

Sec. 1601.055. IDENTIFICATION OF ADMINISTRATIVE COSTS IN BIDS. A system shall include in its respective bid documents for the various coverages a provision calling for each bidder to identify the system's administrative costs as a distinguishable figure and to enumerate the services the bidder will render in exchange for the administrative costs. (V.T.I.C. Art. 3.50-3, Sec. 4(b) (part).)

Source Law

[(b) Each institution shall:]

. . .

(2) include in its respective bid documents for the various coverages a provision calling for each bidder to identify its administrative cost as a distinguishable figure and to enumerate what services the bidder will render in exchange for the administrative costs so identified.

. . .

Revised Law

Sec. 1601.056. INFORMATION ON BIDDERS AND BIDDING CONTRACTS. (a) The department shall, on request by a system, provide a list of all carriers:

(1) authorized to engage in business in this state; and

(2) eligible to bid on insurance coverage provided under this chapter.

(b) The department shall, on request by a system, examine and evaluate a bidding contract and certify the contract's actuarial soundness to the system not later than the 15th day after the date of the request. (V.T.I.C. Art. 3.50-3, Sec. 4(b) (part).)

Source Law

[(b)]

(4) . . . It is further provided that:

(A) The Texas Department of Insurance shall provide, by request of the institution, a list of all carriers authorized to do business in the State of Texas and who will be eligible to bid on the insurance coverage or coverages provided



in this Act.

(B) The Texas Department of Insurance shall, upon request by the institution, examine and evaluate the bidding contracts and certify their actuarial soundness to the institution within 15 days from the date of request.

Revised Law

Sec. 1601.057. SELECTION OF BIDS. (a) A system is not required to select the lowest bid under Section 1601.054 but shall take into consideration other relevant criteria, such as ability to service contracts, past experience, and financial stability.

(b) If a system selects a carrier whose bid differs from that advertised, the governing board of the system shall fully justify and record the reasons for the deviation in the minutes of the next meeting of the governing board. (V.T.I.C. Art. 3.50-3, Sec. 4(b) (part).)

Source Law

[(b)]

[(4)]

(C) The institution is not required to select the lowest bid, but shall take into consideration other factors such as ability to service contracts, past experience, financial stability, and other relevant criteria. Should the institution select a carrier whose bid differs from that advertised, the reasons for such deviation shall be fully justified and recorded in the minutes of the next meeting of the governing board of the institution.

Revised Law

Sec. 1601.058. SELECTION OF HEALTH MAINTENANCE ORGANIZATIONS. A system shall select and contract for services performed by health maintenance organizations that are approved by this state to offer health care services in specific areas of the state to eligible employees and retired employees. (V.T.I.C. Art. 3.50-3, Sec. 4(b) (part).)

Source Law

[(b)]

[(4)]

(D) The institution shall select and contract for services performed by health maintenance organizations that are approved by the State of Texas to offer health-care services to eligible employees and retired employees in a specific area of the state.

Revised Law

Sec. 1601.059. CERTIFICATE OF COVERAGE. A system shall ensure that each employee and retired employee participating under this chapter is issued a certificate of coverage that states:

- (1) the benefits to which the participant is entitled;
- (2) to whom the benefits are payable;
- (3) to whom a claim must be submitted; and
- (4) the provisions of the plan document, in summary form, that principally affect the participant. (V.T.I.C. Art. 3.50-3, Sec. 5.)

Source Law

Sec. 5. Each institution shall assure that each employee and retired employee insured under this Act is issued a certificate of insurance or plan description setting forth the benefits to which the employee or retired employee is entitled, to whom the benefits are payable, to whom the claims shall be submitted, and summarizing the provisions of the policy or contract principally affecting the employee or retired employee.

Revised Law

Sec. 1601.060. ACCOUNTING BY CARRIER PROVIDING PURCHASED COVERAGE. (a) A carrier providing coverage purchased under this chapter to a system shall provide an accounting for each line of coverage to the system not later than the 120th day after the end of each plan year.

(b) The accounting must be in a form acceptable to the system.

(c) The accounting for each line of coverage must state:

- (1) the cumulative amount of contributions remitted to the carrier under the coverage;
- (2) the total of all mortality and other claims, charges, losses, costs, contingency reserve for pending and unreported claims, and expenses incurred; and
- (3) the amounts of the allowance for a reasonable profit, contingency reserve, and all other administrative charges.

(d) Information provided under Subsection (c) must be provided:

- (1) for the period from the coverage's date of issue to the end of the plan year; and
- (2) for the plan year covered by the report. (V.T.I.C. Art. 3.50-3, Sec. 8(a).)

Source Law

Sec. 8. (a) Carriers providing any policy purchased under this Act shall provide an accounting to the institution not later

than 120 days after the end of each policy year. The accounting for each line of coverage shall set forth, in a form acceptable to the institution:

(1) the cumulative amount of premiums actually remitted to the carrier under the policy from its date of issue to the end of the policy year, the amount of premiums actually remitted under the policy for each year from the anniversary date to the end of that policy year;

(2) the total of all mortality and other claims, charges, losses, costs, contingency reserve for pending and unreported claims and expenses incurred for each of the periods corresponding to each of the periods heretofore described in Subsection (a)(1) of this section;

(3) the amounts of the allowance for a reasonable profit, contingency reserves, and all other administrative charges corresponding to each of the periods as heretofore described in Subsection (a)(1) of this section.

#### Revised Law

Sec. 1601.061. SPECIAL RESERVE. (a) A carrier issuing a group coverage plan under this chapter may hold as a special reserve for a system an amount that equals the amount by which the total amount described by Section 1601.060(c)(1) exceeds the sum of the corresponding amounts described by Sections 1601.060(c)(2) and (3).

(b) The system may use money in the special reserve at its discretion, including for:

(1) providing additional coverage for participating employees or retired employees;

(2) offsetting necessary rate increases; or

(3) reducing contributions to the coverage by participating employees or retired employees.

(c) A special reserve held by a carrier for a system earns interest at a rate determined each plan year by the carrier and approved by the system as consistent with the rate generally used by the carrier for similar funds held under other group coverages. (V.T.I.C. Art. 3.50-3, Sec. 8(b).)

#### Source Law

(b) Any excess of the total of Subsection (a)(1) of this section over the corresponding sum of Subsections (a)(2) and (a)(3) of this section may be held by the carrier issuing the policy as a special reserve. Such reserve may be used at the discretion of the institution for, but not limited to, providing additional coverage for participating employees or retired employees, offsetting necessary premium rate increases, or to reduce participating employee or retired employee premium contributions to the coverage. Any reserve held by the carrier

would bear interest at a rate determined each policy year by the carrier and approved by the institution as being consistent with the rate generally used by the carrier for similar funds held under other group insurance policies.

Revisor's Note

Section 8(b), V.T.I.C. Article 3.50-3, refers to the special reserve being used "for but not limited to" certain purposes. "But not limited to" is omitted from the revised law as unnecessary because Section 311.005(13), Government Code (Code Construction Act), and Section 311.011(19), Government Code, provide that "includes" and "including" are terms of enlargement and not of limitation and do not create a presumption that components not expressed are excluded.

Revised Law

Sec. 1601.062. REPORTS AND RECORDS BY ADMINISTERING CARRIER. Each contract entered into under this chapter between a system and an administering carrier must:

- (1) require the administering carrier to provide reasonable reports that the system determines are necessary for the system to perform its functions under this chapter; and
- (2) permit the system and representatives of the state auditor to examine records of the administering carrier as necessary to accomplish the purposes of this chapter. (V.T.I.C. Art. 3.50-3, Sec. 15.)

Source Law

Sec. 15. Each contract entered into under this Act shall contain provisions requiring administering carriers to

- (1) furnish such reasonable reports as the institution determines to be necessary to enable it to carry out its functions under this Act; and
- (2) permit the institution and representatives of the state auditor to examine records of the carriers as may be necessary to carry out the purpose of this Act.

Revised Law

Sec. 1601.063. ASSISTANCE IN REQUESTING MONEY. The Legislative Budget Board and the Governor's Budget and Planning Office shall:

- (1) establish procedures to ensure that each system requests appropriate money to support its uniform program; and
- (2) present appropriate budget recommendations to the legislature. (V.T.I.C. Art. 3.50-3, Sec. 13 (part).)

Source Law

Sec. 13. . . . The Legislative Budget Board and the Governor's Budget and Planning Office will establish procedures

to insure that eligible institutions request appropriate funds to support this program and shall present appropriate budget recommendations to the legislature. . . .

[Sections 1601.064-1601.100 reserved for expansion]

#### SUBCHAPTER C. COVERAGE AND PARTICIPATION

##### Revised Law

Sec. 1601.101. PARTICIPATION ELIGIBILITY: EMPLOYEES.

(a) An individual who is employed by the governing board of a system, who performs service, other than as an independent contractor, for the system, and who is described by this section is eligible to participate as an employee in the uniform program.

(b) An individual is eligible to participate in the uniform program as provided by Subsection (a) if the individual receives compensation for services performed for the system, is eligible to be a member of the Teacher Retirement System of Texas, and either:

(1) is expected to work at least 20 hours per week and to continue in the employment for a term of at least 4-1/2 months; or

(2) is appointed for at least 50 percent of a standard full-time appointment.

(c) An individual is eligible to participate in the uniform program as provided by Subsection (a) if the individual:

(1) receives compensation for services performed for the system;

(2) is employed at least 20 hours a week only; and

(3) is not permitted to be a member of the Teacher Retirement System of Texas because the individual is solely employed by the system in a position that as a condition of employment requires the individual to be enrolled as a student in the system in graduate-level courses. (V.T.I.C. Art. 3.50-3, Sec. 3(a)(4).)

##### Source Law

(4)(A) "Employee" shall mean any person employed by a governing board of an institution:

(i) who receives his compensation for services rendered to an institution, is eligible for participation in the Teacher Retirement System of Texas, and is expected to work at least 20 hours per week and to continue in the employment for a term of at least 4-1/2 months or is appointed for at least 50 percent of a standard full-time appointment; or

(ii) who receives his compensation for services rendered as provided in this subdivision but is not permitted to be a member of the Teacher Retirement System of

Texas because he is solely employed by an institution of higher education that as a condition of employment requires the employee to be enrolled as a student in the institution in graduate-level courses and who is employed at least 20 hours a week.

(B) Persons performing personal services for such institutions as independent contractors shall never be considered employees for purposes of this Act.

Revised Law

Sec. 1601.102. PARTICIPATION ELIGIBILITY: RETIREES. (a) An individual who retires in a manner described by this section is eligible to participate as a retired employee in the uniform program.

(b) An individual is eligible to participate in the uniform program as provided by Subsection (a) if:

(1) the individual has at least three years of service with a system for which the individual was eligible to participate in the uniform program under Section 1601.101;

(2) the individual's last state employment before retirement was with that system; and

(3) the individual retires under the jurisdiction of:

(A) the Teachers Retirement System of Texas under Subtitle C, Title 8, Government Code;

(B) the Employees Retirement System of Texas; or

(C) subject to Subsection (c):

(i) the optional retirement program established by Chapter 830, Government Code; or

(ii) any other federal or state statutory retirement program to which the system has made employer contributions.

(c) An individual retiring in the manner described by Subsection (b)(3)(C) is a retired employee only if the individual meets all applicable requirements for retirement, including service and age requirements, adopted by the system comparable to the requirements for retirement under the Teachers Retirement System of Texas.

(d) An individual is eligible to participate in the uniform program as provided by Subsection (a) if the individual:

(1) meets the minimum requirements under Subsection (b) except that the last state employment before retirement is not at the employing system; and

(2) does not meet the requirements for an annuitant under Section 1551.102.

(e) An individual is eligible to participate in the uniform program as provided by Subsection (a) if the individual retired under Subtitle C, Title 8, Government Code, before September 1, 1991, with at least five and less than 10 years of service.

(V.T.I.C. Art. 3.50-3, Secs. 3(a)(2), (c).)

Source Law

(2)(A) "Retired employee" shall mean a former employee as defined in this Act who has at least three years' service as an eligible employee with an employing institution, whose last state employment before retirement was with that employing institution, and who retires or has retired under a retirement provision under the jurisdiction of:

(i) the Teachers Retirement System of Texas, pursuant to Subtitle C, Title 8, Government Code;

(ii) the Optional Retirement Program, Chapter 830, Government Code; provided, however, that the employee has met service requirements, age requirements, and other applicable requirements as may be promulgated by the institution comparable to the requirements for retirement under the Teachers Retirement System of Texas;

(iii) the Employees Retirement System of Texas; or

(iv) any other federal or state statutory retirement program to which the institution has made employer contributions; provided, however, that the employee has met service requirements, age requirements, and other applicable requirements as may be promulgated by the institution comparable to the requirements for retirement under the Teachers Retirement System of Texas.

(B) A former employee is eligible to be classified as a retired employee at an employing institution if the former employee:

(i) meets the minimum requirements established under Paragraph (A) of this subdivision to qualify as a retired employee except that the last state employment before retirement is not at the employing institution; and

(ii) does not meet the requirements for a retired employee under Section 3, Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code).

(c) Notwithstanding Subsection (a)(2) of this section, a person who, before September 1, 1991, retired under Subtitle C, Title 8, Government Code, with at least five but less than 10 years of service is a retired employee for purposes of this Act.

Revisor's Note

Section 3(2), V.T.I.C. Article 3.50-3, refers to meeting "the requirements for a retired employee" under Section 3, Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code). The revised law substitutes "annuitant" for "retired employee" for consistency with the

terminology used in Article 3.50-2, which is revised in this code as Chapter 1551.

Revised Law

Sec. 1601.103. RIGHT TO COVERAGE. An individual eligible to participate in the uniform program under Section 1601.101 or 1601.102 may not be denied enrollment in any coverage provided under this chapter. (V.T.I.C. Art. 3.50-3, Sec. 11(a) (part).)

Source Law

Sec. 11. (a) No eligible employee or eligible retired employee shall be denied enrollment in any of the coverages provided by this Act; . . . .

Revised Law

Sec. 1601.104. AUTOMATIC COVERAGE. (a) A system shall automatically provide the basic coverage to each full-time employee unless the employee has:

- (1) waived participation in the basic coverage; or
- (2) selected an optional coverage plan.

(b) An employee or retired employee who is automatically covered under this section may subsequently:

- (1) retain the basic coverage or waive participation in the basic coverage; and
- (2) apply for any other coverage provided under this chapter within applicable standards.

(c) Automatic coverage as described under this section begins on the first date of employment. (V.T.I.C. Art. 3.50-3, Secs. 11(b) (part), (c).)

Source Law

(b) From the first day of employment, the institution shall automatically provide basic coverage for each active full-time employee who has not waived basic coverage or selected optional coverages. . . .

(c) Each employee or retired employee who is automatically covered under this section may subsequently retain or waive the basic coverage plan and may make application for any other coverages provided under this Act within applicable standards.

Revised Law

Sec. 1601.105. WAIVER. An employee or retired employee may waive in writing any coverage provided under this chapter. (V.T.I.C. Art. 3.50-3, Sec. 11(a) (part).)

Source Law

(a) . . . provided, however, that the employee or retired employee may waive in writing any or all such coverages.



Revised Law

Sec. 1601.106. OPTIONAL COVERAGE. A system shall provide optional coverage in accordance with Section 1601.201. (V.T.I.C. Art. 3.50-3, Sec. 11(b) (part).)

Source Law

(b) . . . [If the cost of an active employee's or retired employee's basic coverage exceeds the amount appropriated by the legislature for an employee or retired employee,] the institution must provide optional coverage [at no cost to the employee or retired employee]. . . .

Revised Law

Sec. 1601.107. COVERAGE FOR DEPENDENTS. An individual who is eligible to participate in the uniform program under Section 1601.101 or 1601.102 is entitled to secure for a dependent of the individual any group coverages provided under this chapter for dependents under rules adopted by the applicable system. (V.T.I.C. Art. 3.50-3, Sec. 17(a) (part).)

Source Law

Sec. 17. (a) Any employee or retired employee shall be entitled to secure for his dependents any uniform group insurance coverages provided for such dependents under the rules and regulations to be promulgated by each institution. . . .

Revised Law

Sec. 1601.108. COVERAGE OPTIONS FOR CERTAIN SURVIVING SPOUSES. (a) This section applies only to the surviving spouse of:

(1) an individual eligible to participate in the uniform program under Section 1601.101 who had at least five years of service on the date of the individual's death, including at least three years of service as an eligible employee with the employing system; or

(2) an individual eligible to participate in the uniform program under Section 1601.102.

(b) A surviving spouse to whom this section applies may elect to retain any of the following coverages in effect on the date of the participant's death:

(1) the surviving spouse's authorized coverages; and

(2) authorized coverages for any eligible dependent of the deceased participant.

(c) The coverage is at the group rate for other participants. (V.T.I.C. Art. 3.50-3, Sec. 17(b).)

Source Law

(b) This subsection applies to the surviving spouse of an

employee who had at least five years of service on the date of the employee's death, including at least three years of service as an eligible employee with the employing institution, or the surviving spouse of a retired employee. A surviving spouse subject to this subsection may elect to retain the decedent's authorized coverages and may also retain authorized coverages for any eligible dependent, at the group rate for employees, if, on the date of the death, those coverages were in effect for the spouse or dependent.

#### Revised Law

Sec. 1601.109. COVERAGE FOR AIDS, HIV, OR SERIOUS MENTAL ILLNESS. (a) In this section, "serious mental illness" has the meaning assigned by Section 1, Article 3.51-14.

(b) A system may not contract for or provide for group insurance or HMO coverage or provide self-insured coverage, that:

(1) excludes or limits coverage or services for acquired immune deficiency syndrome, as defined by the Centers for Disease Control and Prevention of the United States Public Health Service, or human immunodeficiency virus infection; or

(2) provides coverage for serious mental illness that is less extensive than the coverage provided for any other physical illness. (V.T.I.C. Art. 3.50-3, Secs. 3(a)(16); 3(a)(19), as amended Acts 76th Leg., R.S., Ch. 944; 4C.)

#### Source Law

[Sec. 3(a)]

(16) "Serious mental illness" means the following psychiatric illnesses as defined by the American Psychiatric Association in the Diagnostic and Statistical Manual (DSM) III-R:

- (A) schizophrenia;
- (B) paranoid and other psychotic disorders;
- (C) bipolar disorders (mixed, manic, and depressive);
- (D) major depressive disorders (single episode or recurrent); and
- (E) schizo-affective disorders (bipolar or depressive).

(19) "Serious mental illness" has the meaning assigned by Section 1, Article 3.51-14, Insurance Code.

Sec. 4C. An institution, in contracting for group insurance or health maintenance organization coverage or in self-insuring its own coverage, may not contract for or provide in that coverage:

(1) an exclusion or limitation on coverage or services for acquired immune deficiency syndrome, as defined by the

Centers for Disease Control of the United States Public Health Service, or human immunodeficiency virus infection; or

(2) provides coverage for serious mental illness that is less extensive than the coverage provided for any other physical illness.

#### Revisor's Note

(1) Section 3(a)(16), V.T.I.C. Article 3.50-3, defines "serious mental illness" to mean certain psychiatric illnesses. Section 3(a)(19), V.T.I.C. Article 3.50-3, defines "serious mental illness" to have the meaning assigned by Section 1, V.T.I.C. Article 3.51-14, which includes a more extensive listing of psychiatric illnesses than those included by Section 3(a)(16). Section 2, Chapter 944, Acts of the 76th Legislature, Regular Session, 1999, redesignated Section 3(a)(16) as Section 3(a)(19) and broadened the substance of the definition by assigning to the term, "serious mental illness," the listing of psychiatric illnesses contained in Section 1, V.T.I.C. Article 3.51-14. During the same legislative session, Section 1, Chapter 1057, Acts of the 76th Legislature, Regular Session, 1999, made a technical, nonsubstantive correction to the definition of "serious mental illness" in Section 3(a)(16). It is clear that the intent of the 76th Legislature to broaden the substantive definition of "serious mental illness" in Chapter 944 is not affected by the intent in Chapter 1057 to make a technical, nonsubstantive change to that definition. Section 311.025(b), Government Code (Code Construction Act), applicable to the revised law, provides that "if amendments to the same statute are enacted at the same session of the legislature, one amendment without reference to another, the amendments shall be harmonized, if possible, so that effect may be given to each." The revised law is drafted accordingly.

(2) Section 3(a)(19), V.T.I.C. Article 3.50-3, refers to the "Centers for Disease Control of the United States Public Health Service." The revised law substitutes the current name for these centers, the "Centers for Disease Control and Prevention of the United States Public Health Service."

[Sections 1601.110-1601.150 reserved for expansion]

#### SUBCHAPTER D. GROUP COVERAGES

##### Revised Law

Sec. 1601.151. AUTHORITY TO SELF-INSURE; EXEMPTION FROM OTHER INSURANCE LAWS. (a) Notwithstanding any other provisions of this chapter, the governing board of a system may:

(1) self-insure a plan provided under this chapter;  
and

(2) hire a carrier to administer the system's uniform program.

(b) A plan for which a system provides coverage on a

self-insured basis is exempt from any other insurance law of this state that does not expressly apply to that plan or this chapter.

(c) Expenses for the administration of a self-insured plan may come from the contributions of employees and the state after payments for any coverage provided under this chapter have been made. (V.T.I.C. Art. 3.50-3, Secs. 4(d), 14 (part).)

Source Law

[Sec. 4]

(d) Notwithstanding any other provisions of this Act, the governing boards providing programs of benefits under this Act are authorized to self-insure the programs and may, at their discretion, engage a firm to administer the program. Any plan of coverages for which an institution does not purchase insurance but provides coverage on a self-insured basis is exempt from any other insurance law of this state unless the law expressly applies to that plan or this Act.

Sec. 14. . . . however, expenses for the administration of the self-insured plan as provided in Section 4(d) of this Act may come from the contributions of employees and the state after payments for any coverages provided for under this Act have been made. . . .

Revised Law

Sec. 1601.152. CAFETERIA PLAN. (a) The governing board of a system may develop, implement, and administer a cafeteria plan.

(b) The governing board may include in the cafeteria plan any benefit that may be included in a cafeteria plan under federal law.

(c) The governing board may cooperate and work with and enter into a necessary contract or agreement with an independent and qualified agency, person, or entity to:

(1) develop, implement, or administer a cafeteria plan; or

(2) assist in those activities.

(d) The governing board may adopt an order terminating the cafeteria plan and providing a procedure for the orderly withdrawal of the system and its employees from the cafeteria plan if the governing board determines that a cafeteria plan adopted under this section is no longer advantageous to the system and its employees. (V.T.I.C. Art. 3.50-3, Sec. 4(e).)

Source Law

(e) The governing board of each institution providing benefits under this Act may design, develop, adopt, implement, and administer a cafeteria plan. The governing board may include in a cafeteria plan any benefit that may be included in a

cafeteria plan under federal law. In addition to other authority granted to a governing board by this Act, the governing board may cooperate and work with and may enter into necessary contracts and agreements with one or more independent and qualified agencies, persons, or entities to design, develop, adopt, implement, or administer or to assist in the design, development, adoption, implementation, or administration of a cafeteria plan under this Act. A cafeteria plan may be designed, developed, adopted, implemented, and administered by or on behalf of an institution. If the governing board determines that a cafeteria plan adopted under this subsection is no longer advantageous to the institution and its employees, the governing board may adopt an order terminating the cafeteria plan and providing a procedure for the orderly withdrawal of the institution and its employees from that plan.

#### Revisor's Note

(1) Section 4(e), V.T.I.C. Article 3.50-3, refers to the "design" and "development" of a cafeteria plan. The references to "design" are omitted from the revised law because in the context of the source law "design" is included in the meaning of "development."

(2) Section 4(e), V.T.I.C. Article 3.50-3, refers to the authority of a system to "adopt" and "implement" a cafeteria plan. The references to "adopt" are omitted from the revised law because in the context of the source law "adopt" is included in the meaning of "implement."

#### Revised Law

Sec. 1601.153. SYSTEMS MAY JOIN IN PROCURING INSURANCE. The systems may join together to procure one or more group contracts with an insurance company authorized to engage in business in this state to insure the employees and retired employees of each participating system. (V.T.I.C. Art. 3.50-3, Sec. 4(f) (part).)

#### Source Law

(f) An institution may join with another institution to procure one or more group contracts with any insurance company authorized to do business in this state, insuring the employees and retired employees of each participating institution. . . .

#### Revisor's Note

Section 4(f), V.T.I.C. Article 3.50-3, provides, in the first sentence of that subsection, that the systems may join together to procure certain group insurance contracts. The second sentence of Section 4(f) states the purpose of that authorization. The revised law omits the second sentence as unnecessary because the provision is nonsubstantive and because the legislative purpose in enacting the subsection is clear from

the other substantive provisions revised in this section. The omitted law reads:

(f) . . . The purpose of this authorization is to provide institutions of higher education with the ability to obtain the benefits of economy and improved coverages for their employees and retired employees which may occur through increased purchasing economies for larger groups of employees.

#### Revised Law

Sec. 1601.154. LONG-TERM CARE COVERAGE. (a) A system may join with a board of trustees that administers the uniform program established under Chapter 1551 or the group program established under Chapter 1575 to provide long-term care insurance coverage.

(b) Each participating board of trustees and the governing board of the system must mutually agree to join together for this purpose, subject to terms that are beneficial to all participants.

(c) A system may not participate in an agreement under this section unless any cost or administrative burden associated with the development or implementation of or communications about the long-term care coverage plan is incidental. (V.T.I.C. Art. 3.50-3, Sec. 4(g).)

#### Source Law

(g) An institution may join with the trustee of the program established under the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code) or the trustee of the program established under Article 3.50-4, Insurance Code, to provide long-term care insurance coverage. Each participating trustee and the governing board of the institution must mutually agree to join together for this purpose, subject to terms that are beneficial to all participants. An institution may not participate in an agreement under this subsection unless any cost or administrative burden associated with the development of, implementation of, or communications about the long-term care coverage program is incidental.

#### Revisor's Note

Section 4(g), Article 3.50-3, refers to the "trustee" of the program established under the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code) or the "trustee" of the program established under Article 3.50-4, Insurance Code. The revised law substitutes "board of trustees" for "trustee" because that is the term used in Chapters 1551 and 1575 to describe the board of trustees of the programs established under those statutes.

Revised Law

Sec. 1601.155. REINSURANCE. A system may arrange with an administering carrier issuing a policy under this chapter for the reinsurance of portions of the total amount of insurance under the policy with other carriers that elect to participate in the reinsurance. (V.T.I.C. Art. 3.50-3, Sec. 7.)

Source Law

Sec. 7. The institutions may arrange with any administering carrier or carriers issuing any policy or policies under this Act for the reinsurance of portions of the total amount of insurance under such policy or policies with other qualified carriers which elect to participate in the reinsurance.

[Sections 1601.156-1601.200 reserved for expansion]

SUBCHAPTER E. PAYMENTS, CONTRIBUTIONS, AND COSTS

Revised Law

Sec. 1601.201. PAYMENT FOR OPTIONAL OR BASIC COVERAGE. (a) A system shall provide optional coverage at no cost to an employee or retired employee if the cost of the employee's or retired employee's basic coverage exceeds the amount appropriated by the legislature for an employee or retired employee. For a participant who chooses the basic coverage rather than optional coverages, a system may:

(1) for an individual eligible to participate in the uniform program under Section 1601.101, deduct from or reduce the monthly compensation of the participant; or

(2) for an individual eligible to participate in the uniform program under Section 1601.102, require appropriate payment.

(b) The deduction or reduction under Subsection (a) may not exceed one-half of the amount that exceeds the state's contribution, and the system shall pay any difference. (V.T.I.C. Art. 3.50-3, Sec. 11(b) (part).)

Source Law

(b) . . . If the cost of an active employee's or retired employee's basic coverage exceeds the amount appropriated by the legislature for an employee or retired employee, the institution must provide optional coverage at no cost to the employee or retired employee. If the employee or retired employee chooses the basic coverage rather than optional coverage, the institution may deduct from or reduce the monthly compensation of the employee, or, for a retired employee, require appropriate payment, up to one-half of the amount that exceeds the state's contribution for an employee, and the institution shall pay the difference.

Revised Law

Sec. 1601.202. FEES FOR CAFETERIA PLAN. (a) The governing board of a system may establish a monthly fee in an amount set by the board to be paid by each employee who elects to participate in a cafeteria plan for the purpose of paying the expenses of administering the cafeteria plan.

(b) If the governing board establishes a monthly fee, each employee who participates in the cafeteria plan must authorize payment of the fee by executing a separate payroll deduction agreement or as part of a salary reduction agreement, as determined by the governing board. (V.T.I.C. Art. 3.50-3, Sec. 14B(b) (part).)

Source Law

(b) The governing board may establish a monthly charge to be paid by each employee who elects to participate in a cafeteria plan adopted under this Act for the purpose of paying the expenses of administering the cafeteria plan. The governing board shall establish the amount of the monthly charge. If the governing board establishes a monthly charge, each employee who participates in the cafeteria plan shall authorize payment of the charge by executing a payroll deduction agreement or as part of the salary reduction agreement, as determined by the governing board. . . .

Revised Law

Sec. 1601.203. PAYMENT FOR COVERAGE FOR DEPENDENTS. Contributions for coverages for a dependent of an individual eligible to participate in the uniform program under Section 1601.101 or 1601.102 required of the participant that exceed the amount of system contributions shall be paid:

(1) by a deduction from the monthly compensation of the participant;

(2) by a reduction of the monthly compensation of the participant in the appropriate amount; or

(3) in the form and manner the system determines.

(V.T.I.C. Art. 3.50-3, Sec. 17(a) (part).)

Source Law

[Sec. 17. (a) Any employee or retired employee shall be entitled to secure for his dependents any uniform group insurance coverages provided for such dependents under the rules and regulations to be promulgated by each institution.] Premium payments required of the employee or retired employee in excess of employer contributions shall be deducted from the monthly pay of the employee, or the employee's monthly pay shall be reduced in the appropriate amount, or paid in such manner and form as the institution shall determine.



Revised Law

Sec. 1601.204. AUTHORIZATION OF EMPLOYEE DEDUCTION. (a) Except for a participant who participates in a cafeteria plan, each individual eligible to participate in the uniform program under Section 1601.101 must authorize a deduction from the participant's monthly compensation in an amount equal to the difference between:

- (1) the total cost for coverages for which the participant applies; and
  - (2) the amount contributed by the system.
- (b) The authorization must be:
- (1) in writing or performed electronically; and
  - (2) in a form satisfactory to the system. (V.T.I.C. Art. 3.50-3, Sec. 12(b) (part).)

Source Law

(b) Except for a participant in a cafeteria plan, each employee shall authorize, in writing or electronically, and in a form satisfactory to the institution, a deduction from his monthly compensation of the difference between the total cost of premiums and the amount contributed therefor by the institution or agency. . . .

Revised Law

Sec. 1601.205. EMPLOYEE PAYMENTS FOR PARTICIPATION IN CAFETERIA PLAN. (a) If an employee elects to participate in a cafeteria plan, the employee must execute a salary reduction agreement under which the employee's monthly compensation will be reduced in an amount equal to the difference between:

- (1) the amount appropriated for that purpose in the General Appropriations Act or the system's budget; and
- (2) the cost of the employee's selected coverages for which the employee is eligible to pay under the cafeteria plan.

(b) The employee must execute a salary reduction agreement for any portion of the cost that is not covered by state or system appropriations and cafeteria plan contributions. (V.T.I.C. Art. 3.50-3, Sec. 12(b) (part).)

Source Law

. . . An employee who is participating in a cafeteria plan shall execute a salary reduction agreement under which his monthly compensation will be reduced in an amount that is equal to the difference between the amount appropriated by the General Appropriations Act or the institution's budget and the cost of the employee's selected coverages for which he is eligible to pay under the cafeteria plan. Also, the electing employee shall execute a salary deduction agreement for any portion of the cost that is not covered by state or institutional appropriations and

cafeteria plan contributions.

Revised Law

Sec. 1601.206. PAYMENT BY RETIRED EMPLOYEE. An individual eligible to participate in the uniform program under Section 1601.102 must execute an agreement and make appropriate contributions in a manner analogous to the requirements adopted under Sections 1601.204 and 1601.205 for an individual eligible to participate in the uniform program under Section 1601.101. (V.T.I.C. Art. 3.50-3, Sec. 12(c).)

Source Law

(c) A retired employee shall execute agreements and make appropriate contributions in a manner analogous to the requirements adopted under Subsection (b) of this section for an active employee.

Revised Law

Sec. 1601.207. SYSTEM CONTRIBUTIONS. A system shall contribute monthly to the cost of each participant's coverage provided under this chapter an amount:

(1) if the participants are compensated from amounts appropriated in the General Appropriations Act, equal to or greater than the amount appropriated for that purpose in the Act; or

(2) if the participants are compensated from amounts appropriated by the governing board of the system in its official operating budget, an amount equal to the amount appropriated for a participant under the General Appropriations Act. (V.T.I.C. Art. 3.50-3, Sec. 12(a).)

Source Law

Sec. 12. (a) Each institution and agency covered under the provisions of this Act shall contribute monthly to the cost of each insured employee's and retired employee's coverage no less than the amount appropriated therefor by the legislature in the General Appropriations Act. An amount equal to the amount appropriated for an employee and retired employee under the General Appropriations Act shall be appropriated for each employee and retired employee by the governing board of the institution in its respective official operating budget, if the institution's employees are compensated from funds appropriated by such budgets rather than by the General Appropriations Act.

Revisor's Note

Section 12(a), V.T.I.C. Article 3.50-3, refers to "each institution and agency covered under the provisions of this Act." Article 3.50-3 does not apply to an "institution or agency" other

than those covered under the definition of "system" in Section 1601.003. Throughout this chapter, the revised law substitutes "system" for "institution or agency covered under the provisions of this Act" or similar language.

Revised Law

Sec. 1601.208. AMOUNT OF SYSTEM CONTRIBUTION. Not later than November 1 preceding each regular session of the legislature, each system shall certify to the Legislative Budget Board and the budget division of the Governor's Budget and Planning Office the amount necessary to pay the contributions of the system for the coverages provided under this chapter to each employee and retired employee of the system. (V.T.I.C. Art. 3.50-3, Sec. 13 (part).)

Source Law

Sec. 13. Certification shall be submitted on or before the first day of November next preceding each regular session of the legislature; the institutions and agencies covered under the provisions of this Act shall certify to the Legislative Budget Board and budget division of the Governor's Budget and Planning Office the amount necessary to pay employer contributions for each active and retired employee from the effective date of this Act. . . .

Revisor's Note

The revised law omits the reference in Section 13, V.T.I.C. Article 3.50-3, to the certification of contributions "from the effective date of this Act" because that provision is executed.

Revised Law

Sec. 1601.209. ORDER OF PRECEDENCE OF PAYMENT TO SURVIVORS.  
(a) The amount of group life coverages and group accidental death and dismemberment coverages in force for a participant on the date the participant dies shall be paid, on the establishment of a valid claim, to a person surviving the death in the following order of precedence:

(1) to the beneficiary designated by the participant in a signed and witnessed writing received before death by the appropriate office of the applicable system; or

(2) if a beneficiary is not designated under Subdivision (1), in accordance with the death benefit provisions of Subtitle C, Title 8, Government Code.

(b) For purposes of Subsection (a)(1), a designation, change, or cancellation of a beneficiary in a document, including a will, that is not executed and filed in the manner described by that subsection is not valid. (V.T.I.C. Art. 3.50-3, Sec. 10.)

Source Law

Sec. 10. The amount of group life insurance and group

accidental death and dismemberment insurance in force on an employee or retired employee at the date of his death shall be paid, on the establishment of a valid claim, to the person or persons surviving at the date of his death, in the following order:

(a) to the beneficiary or beneficiaries designated by the employee or retired employee in a signed and witnessed writing received before death in the appropriate office of the institution. For this purpose, a designation, change, or cancellation of beneficiary in a will or other document not so executed and filed has no force or effect.

(b) if no beneficiary is designated in accordance with Subsection (a) of this section, payment shall be made in accordance with the death benefit provisions of Subtitle C, Title 8, Government Code.

#### Revised Law

Sec. 1601.210. PROVISION OF NECESSARY INFORMATION. The Teacher Retirement System of Texas, Optional Retirement Program carriers, and Employees Retirement System of Texas shall provide to each system information the system considers necessary to provide retired employees with the coverages and system contributions provided under this chapter. (V.T.I.C. Art. 3.50-3, Sec. 13 (part).)

#### Source Law

Sec. 13. . . . The Teacher Retirement System of Texas, Optional Retirement Program carriers, and Employees Retirement System of Texas shall furnish each institution such information as may be deemed necessary by the institution to provide retired employees with the coverages and employer contributions provided under the Act.

[Sections 1601.211-1601.250 reserved for expansion]

### SUBCHAPTER F. CAFETERIA PLAN FUND

#### Revised Law

Sec. 1601.251. SYSTEM CAFETERIA PLAN FUND. (a) The governing board of each system may establish and administer a cafeteria plan fund.

(b) The following shall be credited to the cafeteria plan fund of a system:

(1) salary reduction payments for benefits included in a cafeteria plan adopted under this chapter, other than group coverage plans under the uniform program;

(2) appropriations by the state for the administration of a cafeteria plan; and

(3) a monthly fee established under Section 1601.202.

(V.T.I.C. Art. 3.50-3, Secs. 14B(a) (part), (b) (part).)

Source Law

Sec. 14B.(a) The governing board of each institution may establish a cafeteria plan fund that shall be administered by the governing board. Salary reduction payments for benefits included in a cafeteria plan adopted under this Act other than coverages under the Texas State College and University Employees Uniform Insurance Benefits Program and appropriations by the state for the administration of a cafeteria plan adopted under this Act shall be paid into the fund. . . .

[(b) The governing board may establish a monthly charge to be paid by each employee who elects to participate in a cafeteria plan adopted under this Act for the purpose of paying the expenses of administering the cafeteria plan.] . . . The monthly charge shall be paid into the cafeteria plan fund.

Revised Law

Sec. 1601.252. USE OF FUND. The cafeteria plan fund of a system is available without fiscal year limitation:

(1) for all payments for any benefits included in a cafeteria plan adopted by the system under this chapter other than group coverage plans under the uniform program; and

(2) for payment of expenses of administering the cafeteria plan. (V.T.I.C. Art. 3.50-3, Sec. 14B(a) (part).)

Source Law

(a) . . . The fund is available without fiscal year limitation:

(1) for all payments for any benefits included in a cafeteria plan adopted under this Act other than coverages under the Texas State College and University Employees Uniform Insurance Benefits Program; and

(2) to pay expenses for administering the cafeteria plan adopted under this Act.

Revised Law

Sec. 1601.253. INVESTMENT OF MONEY IN FUND. (a) The governing board of a system may invest the money in the system's cafeteria plan fund.

(b) The earnings, including interest, and the proceeds from the sale of the investments become a part of the fund. (V.T.I.C. Art. 3.50-3, Sec. 14B(c).)

Source Law

(c) The governing board may invest and reinvest any of the money in the cafeteria plan fund. The interest on, earnings of, and the proceeds from the sale of the investments become a part

of the fund.

Revisor's Note

Section 14B(c), V.T.I.C. Article 3.50-3, refers to the power of the governing board of a system to "invest and reinvest." The revised law omits the reference to "reinvest" because the power to invest includes the power to reinvest.

[Sections 1601.254-1601.300 reserved for expansion]

SUBCHAPTER G. ADVISORY COMMITTEE

Revised Law

Sec. 1601.301. ADVISORY COMMITTEE. An advisory committee for each system shall be selected, serve, and perform duties as provided by this subchapter. (V.T.I.C. Art. 3.50-3, Sec. 4(c) (part).)

Source Law

(c) An advisory committee for each institution shall be selected, serve, and perform duties as hereinafter described:

. . .

Revised Law

Sec. 1601.302. ELECTION OF MEMBERS. One member of the advisory committee shall be elected from each of the components, units, or agencies of the system:

- (1) at times designated by the system; and
- (2) in accordance with general guidelines for the election provided by the system. (V.T.I.C. Art. 3.50-3, Sec. 4(c)(1).)

Source Law

(1) Selection. One member of the advisory committee shall be elected from each of the components, units, or agencies of the institution at such times as designated by the institution and in accordance with general guidelines for such elections provided by the institution.

Revised Law

Sec. 1601.303. QUALIFICATIONS OF MEMBERS. (a) A member of a system's advisory committee must be an employee of the system.

(b) A member must:

- (1) demonstrate mature judgment, special abilities, and sincere interest in employee coverage plans; and
- (2) be able to represent the needs of all employees of the component, unit, or agency the member represents with respect to an action of the advisory committee. (V.T.I.C. Art. 3.50-3, Sec. 4(c)(2).)

Source Law

(2) Qualifications of members. The members of the advisory committee shall be chosen from among employees as defined in this Act. The persons so elected shall demonstrate mature judgement, special abilities, and sincere interests in employee insurance programs and be able to represent the needs of all employees of the component, unit, or agency represented with regard to advisory committee actions.

Revised Law

Sec. 1601.304. TERMS. A member of the advisory committee is elected for a two-year term, subject to reelection. (V.T.I.C. Art. 3.50-3, Sec. 4(c)(3) (part).)

Source Law

(3) Terms of membership. Members of the advisory committee elected under the terms of this Act shall serve for a period of two years, subject to reelection. . . .

Revised Law

Sec. 1601.305. OFFICERS. Annually, the members of a system's advisory committee shall elect a presiding officer and other necessary officers. (V.T.I.C. Art. 3.50-3, Sec. 4(c)(3) (part).)

Source Law

(3) . . . At the initial meeting of the advisory committee, and subsequently each year, the members who are elected shall elect a chairman and other such officers as may be necessary. . . .

Revisor's Note

Section 4(c)(3), V.T.I.C. Article 3.50-3, refers to the election of officers of the advisory committee "[a]t the initial meeting of the advisory committee." The revised law omits the reference to the election of officers at the initial meeting of the advisory committee because that provision is executed.

Revised Law

Sec. 1601.306. VACANCY. The chief executive officer of a component, unit, or agency of a system shall appoint to the system's advisory committee an employee of the component, unit, or agency to fill the remainder of a vacated term of a member who is an employee of the component, unit, or agency. (V.T.I.C. Art. 3.50-3, Sec. 4(c)(3) (part).)

Source Law

(3) . . . A vacancy shall be filled by an employee of

the same component, unit, or agency from which the vacancy occurred, being appointed by the chief executive officer of the component, unit, or agency for the balance of the vacated term.

#### Revised Law

Sec. 1601.307. DUTIES OF COMMITTEE. (a) The advisory committee of a system shall cooperate and work with the governing board of the system in coordinating and correlating the administration of the uniform program among the various components, units, and agencies of the system.

(b) Members of the advisory committee shall cooperate and work with the governing board of the system as advisors in the development, implementation, coordination, and administration of the uniform program among the various components, units, and agencies of the system.

(c) The advisory committee shall provide a channel for open communication of ideas and suggestions regarding coverages, eligibility, claims, procedures, bidding, administration, and any other aspect of employee plan benefits. (V.T.I.C. Art. 3.50-3, Sec. 4(c)(4).)

#### Source Law

(4) Duties. (A) The advisory committee shall cooperate and work with the governing board of the institution in coordinating and correlating the administration of the group insurance program among the various components, units, and agencies. Members of the advisory committee shall cooperate and work with the governing board of the institution as advisors in development, implementation, coordination, and administration of the group insurance programs among the various components, units, and agencies.

(B) The advisory committee shall provide a channel for open communication of ideas and suggestions regarding coverages, eligibility, claims, procedures, bidding, administration, and all other aspects of employee insurance benefits.

#### Revised Law

Sec. 1601.308. EXPENSES; PAYMENT BY EMPLOYEES. (a) A member's service on the advisory committee of a system is in addition to the duties of the member's state office or employment.

(b) An expense incurred by an advisory committee member in performing a duty as a member of the committee shall be paid from money made available for that purpose to the system of which the member is an employee or officer.

(c) Employees shall pay the expenses of an advisory committee established under this subchapter from:



(1) the amount of employer contributions due the employees; or

(2) the amount of additional contributions due for selected coverages under this chapter. (V.T.I.C. Art. 3.50-3, Sec. 14 (part).)

Source Law

Sec. 14. Employee covered under the provisions of this Act shall be required to pay out of the amount of employer contributions due him or out of the amount of his additional premiums due for selected coverages the expenses of the committees established in this Act; . . . The duties of each member of the advisory committees shall be considered additional duties to those required of his other state office or employment, and all expenses incurred by any such member in performing his duties as a member of the committee shall be paid out of funds made available for those purposes to the institution of which the member is an employee or officer.

Revisor's Note

(End of Chapter)

(1) The first two sentences of Section 16, V.T.I.C. Article 3.50-3, state that a report is subject to "applicable open-record statutes of the State of Texas" but that the release of information in conflict with the rights of individuals under federal and state privacy statutes is not required. The open records statutes are found in Chapter 552, Government Code. The revised law omits these sentences as unnecessary because Section 552.022(1), Government Code, states that a report prepared by a governmental body is public information. As such, it is subject to the open records law without an express statement to that effect. In addition, Section 552.101, Government Code, provides that the release of certain information is not required if it is information considered to be confidential by law, whether the law is constitutional, statutory, or by judicial decision. The third sentence of Section 16, V.T.I.C. Article 3.50-3, states that meetings necessary to administer the article are subject to the "applicable provisions of state open-meetings statutes." The open meetings statutes are codified in Chapter 551, Government Code. The revised law omits that portion of Section 16 referring to the open meetings law as unnecessary because Section 551.002, Government Code, provides an open meetings requirement that applies to the meetings of a governmental body, and the systems under Article 3.50-3 are included within the definition of "governmental body" in Section 551.001, Government Code. The omitted law reads:

Sec. 16. Any reports which shall be required by action of an

institution or an advisory committee that has been established under the Act shall be a matter of open record, available for review under the provisions of applicable open-record statutes of the State of Texas. This shall not be interpreted to require the release of any records pertaining to individuals insured under the provisions of this Act, the release of which would be in conflict with the rights of these individuals under federal and state privacy statutes. Meetings which are necessary for the administration of the Act shall be subject to applicable provisions of state open-meetings statutes.

(2) The revised law omits the references in Section 18, V.T.I.C. Article 3.50-3, to the effective date of the act and to the initial deadline for providing coverage because those provisions are executed. The omitted law reads:

Sec. 18. This Act shall become effective September 1, 1977, and basic coverages shall be provided by each institution covered under this Act beginning no later than September 1, 1979.

(3) The revised law omits Section 19, V.T.I.C. Article 3.50-3, providing that the article is severable, because that provision duplicates Section 311.032, Government Code (Code Construction Act), applicable to the revised law, and Section 312.013, Government Code. Those provisions state that a provision of a statute is severable from each other provision of the statute that can be given effect. The omitted law reads:

Sec. 19. If any word, phrase, clause, paragraph, sentence, part, portion, or provision of this Act or the application thereof to any person or circumstance shall be held to be invalid or unconstitutional, the remainder of the Act in all its particulars and as to all other persons and circumstances shall be valid and of full force and effect, and the legislature hereby declares that this Act would have been enacted without such invalid or unconstitutional word, phrase, clause, paragraph, sentence, part, portion, or provision, and to this end the provisions of this Act are declared to be severable.

(4) Section 20, V.T.I.C. Article 3.50-3, repeals all laws in conflict with that article. The revised law omits this provision as unnecessary because, under general rules of statutory construction, a statute automatically has the effect of repealing prior conflicting enactments. The provision is, of course, ineffective to repeal subsequent legislation. The omitted law reads:

Sec. 20. All laws or parts of laws in conflict with this Act are hereby repealed to the extent of such conflict only.

CHAPTER 1625. TRANSFER BETWEEN CERTAIN GOVERNMENTAL  
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CHAPTER 1625. TRANSFER BETWEEN CERTAIN GOVERNMENTAL  
PROGRAMS

Revised Law

Sec. 1625.001. DEFINITIONS. In this chapter:

(1) "Board of trustees" has the meaning assigned by  
Section 1551.003.

(2) "Institution of higher education" means a senior  
college or university, medical or dental unit, technical  
institute, or agency of higher education under the policy  
direction of a single governing board. The term does not include  
a public junior college. (V.T.I.C. Art. 3.50-5, Subsecs. (a)(2),  
(3).)

Source Law

Art. 3.50-5. (a) In this article:

(2) "Institution of higher education" means a senior  
college or university, medical or dental unit, technical  
institute, or agency of higher education under the policy  
direction of a single governing board, but does not include a  
public community/junior college.

(3) "Trustee" has the meaning assigned by Section 3,  
Texas Employees Uniform Group Insurance Benefits Act (Article  
3.50-2, Vernon's Texas Insurance Code).

Revisor's Note

(1) Subsection (a)(2), V.T.I.C. Article 3.50-5, defines  
"institution of higher education" and provides that the term does  
not include a "public community/junior college." The revised law  
omits the reference to a "public community college" because the  
statutory name for those colleges is "public junior college."  
See Section 61.003, Education Code, and Chapter 130, Education  
Code.

(2) Subsection (a)(3), V.T.I.C. Article 3.50-5, defines  
"trustee" for purposes of Article 3.50-5 as having the meaning  
assigned by Section 3, V.T.I.C. Article 3.50-2. That section  
defines "trustee" as "the Board of Trustees provided for in  
Chapter 815, Government Code, to administer the Employees  
Retirement System of Texas." Section 3, V.T.I.C. Article 3.50-2,  
is revised as Section 1551.003 and defines "board of trustees."  
Accordingly, the revised law substitutes "board of trustees" for

"trustee" throughout this chapter.

(3) Subsection (a)(1), V.T.I.C. Article 3.50-5, defines the "administrative council" as the administrative council created under V.T.I.C. Article 3.50-3. Section 4, V.T.I.C. Article 3.50-3, previously provided for an administrative council. However, the administrative council was effectively abolished by the amendment of Section 4 by Section 11.121, Chapter 242, Acts of the 72nd Legislature, Regular Session, 1991. The powers and duties of the administrative council were assigned to the institutions of higher education to which Article 3.50-3 applies and to those institutions' governing boards. See Sections 11.121-11.123, Chapter 242, Acts of the 72nd Legislature, Regular Session, 1991. Accordingly, the definition of "administrative council" is omitted from the revised law as obsolete, and the term is omitted throughout this chapter. The omitted law reads:

(1) "Administrative council" means the administrative council created under the Texas State College and University Employees Uniform Insurance Benefits Act (Article 3.50-3, Vernon's Texas Insurance Code).

#### Revised Law

Sec. 1625.002. INAPPLICABILITY OF PREEXISTING CONDITIONS REQUIREMENT. A person, including a covered dependent, who obtains insurance, benefits, or any type of health care services coverage under Chapter 1551 or 1601 may transfer from an institution of higher education or other state agency to which either law applies to another institution of higher education or state agency to which either law applies without being required to comply with any preexisting conditions requirement. (V.T.I.C. Art. 3.50-5, Subsecs. (b), (c).)

#### Source Law

(b) A person, including covered dependents, who obtains insurance, benefits, or any type of health care services coverage under the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code) or the Texas State College and University Employees Uniform Insurance Benefits Act (Article 3.50-3, Vernon's Texas Insurance Code) may transfer from one institution of higher education, agency, or department covered by those laws to another institution of higher education, agency, or department covered by those laws without being required to comply with any preexisting conditions requirement.

(c) Subsection (b) of this article applies regardless of whether the transfer is between one institution of higher education and another institution of higher education, an institution of higher education and a state department or agency, or a state department or agency and an institution of higher education.

Revised Law

Sec. 1625.003. RULES. The board of trustees and the governing boards of institutions of higher education may adopt rules necessary to implement this chapter. (V.T.I.C. Art. 3.50-5, Subsec. (d).)

Source Law

(d) The administrative council, the trustee, and the governing boards or bodies of institutions of higher education may adopt rules that are necessary to implement this article.

Revisor's Note

Subsection (d), V.T.I.C. Article 3.50-5, refers to the "governing boards or bodies" of institutions of higher education. Throughout this chapter, references to a "governing body" are omitted from the revised law because in this context, the term is included within the meaning of "governing board." See Section 61.003(9), Education Code.

Revised Law

Sec. 1625.004. MEMORANDUM OF UNDERSTANDING. The board of trustees and the governing boards of institutions of higher education may enter into memoranda of understanding with one another to implement this chapter. (V.T.I.C. Art. 3.50-5, Subsec. (e).)

Source Law

(e) The administrative council, the trustee, and the governing boards or bodies of institutions of higher education may enter into memoranda of understanding with each other to carry out the purpose of this article.

Revised Law

Sec. 1625.005. UNIFORM PROCEDURES. The governing board of an institution of higher education and the board of trustees may:

(1) adopt uniform procedures to implement a transfer under this chapter; and

(2) impose conditions necessary to ensure the efficient operation of the programs over which each has jurisdiction. (V.T.I.C. Art. 3.50-5, Subsec. (f).)

Source Law

(f) The administrative council and the trustee may adopt uniform procedures to carry out the transfers under this article and may impose such conditions and limitations as necessary to assure the efficient operation of the programs over which each has jurisdiction.

#### Revisor's Note

(1) Subsection (f), V.T.I.C. Article 3.50-5, refers to the "administrative council," meaning the administrative council created under V.T.I.C. Article 3.50-3. The revised law substitutes a reference to the governing board of an institution of higher education for the reason stated in Revisor's Note (3) to Section 1625.001.

(2) Subsection (f), V.T.I.C. Article 3.50-5, refers to "conditions and limitations." The reference to "limitations" is omitted from the revised law because "limitations" is included within the meaning of "conditions."

#### APPENDIX A

##### CONFORMING AMENDMENTS

SECTION 4. CONFORMING AMENDMENT. Article 1.10, Insurance Code, is amended to read as follows:

Art. 1.10. CERTAIN DUTIES OF THE DEPARTMENT. In addition to the other duties required of the department, the department shall perform duties as follows:

2. File Articles of Incorporation and Other Papers. File and preserve in its office all acts or articles of incorporation of insurance companies and all other papers required by law to be deposited with the Department and, upon application of any party interested therein, furnish certified copies thereof upon payment of the fees prescribed by law.

3. Shall Calculate Reserve. For every company transacting any kind of insurance business in this State, for which no basis is prescribed by law, the Department shall calculate the reinsurance reserve upon the same basis prescribed in Section 862.102 [~~Article 6.01~~] of this code as to companies transacting fire insurance business.

4. To Calculate Re-insurance Reserve. On the thirty-first day of December of each and every year, or as soon thereafter as may be practicable, the Department shall have calculated in the Department the re-insurance reserve for all unexpired risks of all insurance companies organized under the laws of this state, or transacting business in this state, transacting any kind of insurance other than life, fire, marine, inland, lightning or tornado insurance, which calculation shall be in accordance with the provisions of Paragraph 3 hereof.

5. When a Company's Surplus is Impaired. No impairment of the capital stock of a stock company shall be permitted. No impairment of the surplus of a stock company, or of the minimum required aggregate surplus of a mutual, Lloyd's, or reciprocal insurer, shall be permitted in excess of that provided by this section. Having charged against a company other than a life insurance company, the reinsurance reserve, as prescribed by the laws of this State, and adding thereto all other debts and claims against the company, the Commissioner shall, (i) if it is